Johnson Traces Gangs’ Power to Illicit Gains of Dry Era

It was prohibition which made possible the growth of the crime-booze-gambling octopus whose front is Al Capone, George E. Q. Johnson, district attorney, declared last night in a Chicago interview following publication of the details of his testimony before the judiciary subcommittee of the United States senate. Mr. Johnson testified in behalf of Judge James H. Wilkerson, whose elevation to the Circuit Court of Appeals is under consideration by the senators.

As district attorney, Mr. Johnson has heretofore refrained from comment on prohibition and his statement that the government’s evidence shows that prohibition produced Al Capone and the organized crime he personified was considered an important addition to the archives of the wets.

A Statement of Fact.

Mr. Johnson’s assertions were made but as a statement of fact that is logically inescapable. He was asked to explain and elaborate upon the part of his testimony in Washington which dealt with the corrupting power and revenue of the gangs.

“Of course it is the money that gives these people their power,” the district attorney had testified before the senators.

“I mean by that,” he explained last night, “the gangsters’ power to corrupt public officials so that they may operate. Our investigations have disclosed that the wealth of these gangsters is derived in the main from two sources, beer and gambling. The large profits to the gangs come from beer, not alcohol, and because of its bulk they monopolize the traffic in beer. They are the only ones with the power to procure immunity for the transportation of beer.

Shows Huge Gang Profits.

“Some idea of the enormous profits to these gangs was given in the income tax trials. The trial of Jack Guzik showed that deposits of more than $1,000,000 were made in one bank in three years. This account served as a clearing house for Cicero gambling controlled by the Capone gang, and the deposits represented profits, not turnover.

“The trial of Ralph Capone showed that deposits of almost $2,000,000 were made in a Cicero bank in three years. These profits were derived almost exclusively from the sale of beer.

“The trial of Al Capone showed that profits of $560,000 were made in the operation of a Cicero gambling house in two years, 1924 and 1925.

“The government’s investigation of Terry Druggan and Frankie Lake showed that their profits from the sale of beer totaled approximately $2,000,000 a year from 1922 to 1925.

“In my testimony before the subcommittee, I mentioned the work of Eliot Ness of the special prohibition detail in conducting the investigation that led to the indictment of Capone and his gang on beer conspiracy charges. The breweries seized in this investigation had an output that, based on the current price of $55 a barrel, would net a return of $9,000,000 a year. These things I am giving you are facts, not conclusions.”

Then Mr. Johnson was asked how and when syndicated gambling came about in Chicago.

Rise of Gambling Syndicate.

“Prior to 1922,” he said, “so-called gentleman gamblers existed in Chicago, men who operated independent establishments with no connection with organized gangs. But in 1922 the gangsters muscled in on this gambling and took it over, and they have operated it on a syndicated basis since that time.

“The gangsters were able to take over gambling and organize it on a syndicated basis by virtue of their power to corrupt public officials. And this power to corrupt public officials came from the wealth derived from traffic in illegal beer.”