

# The ohio gang

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BUSTER**

Hilary Barrett April 13, 2009 Ohio History Dr. Patrick Thieving Their Way into History In 1919 World War I had come to an end. Ten years later the stock market crashed throwing the United States into a Great Depression.

The time period in between was a time that was classified by a boom in the economy and prohibition legalized by the eighteenth amendment. This amendment had led to an increase of organized crime nationwide. In that time period of these two prominent moments in American history was one of the most scandalous presidencies in American history. It came from no other than Ohioan Warren G. Harding. Harding can be considered one of the worst presidents of all time. He won the Presidential election of 1920 which made him officially the President in January of 1921.

Once he became president, he immediately made up his cabinet. Three members of his cabinet included his attorney general Harry Daugherty, his secretary of the navy Edwin Denby, and his secretary of the interior Albert Fall. These three men along with Charles Forbes, Thomas Miller and Jess Smith were coined 'The Ohio Gang'. 'The Ohio Gang' was a group of men either in Harding's cabinet or they directly knew Harding. Although some of the members are not from Ohio, they were coined this name due to their relation to Harding. In fact a majority of the members were not from Ohio. Harding let these men do as they pleased.

These men single handedly put together some of the biggest scams of the 1920's. The scandals they pulled off were neither elaborate or spectacular but they made a ton of money off of them. Daugherty was Harding's first appointed cabinet member. The beginnings of 'The Ohio Gang' surfaced

while Daugherty was in office. He was accused of selling his vote for five thousand dollars. From that point on any kind of scandal relating to Daugherty and had an affiliation with President Harding went simultaneously with 'The Ohio Gang'. In a nutshell, as soon as Daugherty was appointed by Harding, the gang began their scandals.

Not only that, Daugherty was the single backing of all of the scandals that occurred during Harding's presidency. For all tense and purposes Daugherty was the backbone of 'The Ohio Gang'. The Department of Justice at the time had two desks with the names Jess Smith and Howard Mannington on them. Jess Smith was a long time friend of Daugherty. Daugherty and his brother actually set Smith up in business. Mannington was a long time political companion of Smith. They had both worked in Columbus together.

Both Smith and Mannington were brought to Washington to help the attorney general. Mannington was released from his office though. Harding believed that Mannington was becoming too reckless for his administration and sent him to Cuba. He had slight affiliations with the gang but never really lived them out the affiliations as much as the other members did. He went there on behalf of the largest banking company in the United States and was then no longer officially associated with 'The Ohio Gang'. The 1920's was a time of prohibition and having someone who was considered an alcoholic as a President only lead to scandal. The only part of 'The Ohio Gang' that related to Mannington was the embezzlement of alcohol to New York.

John Gorini, Bill Orr, and Mannington would illegally sell permits. The money for these permits was given to Gorini, then to Orr, then to Mannington. Then

if you would actually want to buy liquor you could at an extra cost. Every member of the chain of sales got a little kickback. Gorini alone made over two hundred thousand dollars in a matter of four months. Orr and Mannington also got cuts that big and sometimes bigger. Also, Manningtons right hand man, Jess Smith, also got a cut.

The rest of the money made on the selling of alcohol and permits was not known by Gorini where it ended up. This was the only relation that Mannington had to the gang. Since he was gone before anything major had happened, he was the only one who got away without repercussion. He became rich and went on to have a very successful life. ‘ The Ohio Gang’ even went and had their scandals go international. A Japanese man had a connection with Mitsui and Company. The bankers of this company handed one hundred one thousand dollar bills to the Japanese man.

He in turn gave the bills to Gaston B. Means. Means originally worked for the Bureau of Investigation in Ohio. Means then handed over all of the money to Jess Smith. That was a grand total of 100, 000 dollars made with just this one company. Harry Daugherty never seemed to be out of the action in all of the scandals that ‘ The Ohio Gang’ was a part of. It started with alien property custodian Thomas Miller.

He had accepted bribes by Smith to illegally transfer a German-owned American subsidiary to the American firm. John King also had a part in this scandal. He manipulated the alien property custodian’s office to his own benefit. He died right after he was indicted for this case. It was found that he left his widow fifty thousand dollars in American Metals bonds. Daugherty is

connected because all three of these men were indicted for this case. It was the case that eventually leads to the demise of the head of ' The Ohio Gang'.

The biggest scandal that ' The Ohio Gang' pulled off was the Teapot Dome Scandal. The Teapot Dome is an area of oil bearing land in Wyoming and Elks Hills in California. The land had been set aside for the Navy in order to provide them with petroleum. Edwin Denby was the Navy Secretary at the time. He had almost complete control of what happened to this area. Albert Fall, who was the secretary of interior, was illegally leasing the land to two oil companies; the Mammoth Oil Company and the pan American Petroleum Company. In return, Fall would receive personal loans or gifts from the two different oil companies.

Once the scandal came to a close, Fall had made over four hundred thousand dollars in loans or gifts. Fall resigned his position once authorities found out what exactly was going on in Wyoming and California. During the U. S. investigation, Denby was called to the stand. Since he was the one who was supposed to be watching the area one would think that he would have known exactly what was going on. Yet, he was another pawn of Daugherty and came to the stand and basically pleaded the fifth.

It was clear that during his confession that he was too stupid to be crooked like the rest and just went along with what Daugherty or Harding wanted him to do. Due to the way he acted during the interrogation, he is known as Harding's best employee since he did not confess to anything. During the Senate hearing, it came to the court that Fall used the money to pay off ten years of backed taxes. Two people also came to the stand and admitted that

they had leased land from Fall. They were Harry Sinclair and Edward Dohney. They both admitted to giving Fall large loans in order to lease off the land. Fall pleaded the fifth on these two accusations.

Fall was found guilty on accepting money for oil leases. He was fined one hundred thousand dollars and sent to a year in jail. All of the oilfields were returned to the U. S. Navy. Charles Forbes was appointed by President Harding as the director of the Bureau of Veteran's affairs. It was created by President Harding in order to help out veterans of World War One and future veterans of other possible wars.

It has been since renamed and still holds some status today. Forbes did serve in WWI in the marines and had a reputation as being a deserter. Once Forbes received his rank from Harding, he immediately gave himself the honor of being a colonel in the United States Army. Also, the biggest scandal of the Bureau of Veteran's affairs was that Forbes embezzled two hundred and fifty million dollars. This money was collected to help out various veterans and Forbes kept it for himself and the gang. As quickly as ' The Ohio Gang' came to power, they fell just as hard. Harding died on August 2, 1923.

It has been said that he died from pneumonia yet it also could have been a heart attack. With this Calvin Coolidge came into office since he was Harding's Vice-President. Once Coolidge took the oath of the oval office, ' The Ohio Gang' and their dominance in scandalous political events was over. The gang had put most of their funds that they received in a bank that Daugherty's son burned to the ground. All of the embezzled money was

mostly now gone. A perfectly good reason for this was so the authorities would not see the bank books of the gang. This way they could not arrest them on charges of tax invasion as well as the ones that they were facing already.

Another place that the money ended up was in Means backyard. Means had back gate that was opened with a special key. It was in some ways almost as good as a bank vault. It was camouflaged with vines so the average person would not see it. It was a small steel box that was lowered into the ground by a strong rope. Means kept the money that Smith had bought to him. He always kept a detailed account on how much money was coming in and how much was going out.

At times, Means had as little as fifty thousand dollars and as much as five hundred thousand dollars in his backyard. Smith would usually make withdrawals and go right to Daugherty's house. Jess Smith always had a key role in the gangs constant thieving. Smith was Daugherty's right hand man. He helped Daugherty get much of his money. Smith had brought a revolver in Columbus the night before he committed suicide. Daugherty was with Smith the night he had bought the gun.

Daugherty had gone to sleep and was awakened to Smith rolling around with a revolver in his hand. Smith was not dead yet, but he was on the point of going crazy and shooting himself. The next night he had been rooming with a friend of Daugherty. This person was awakened by a crash and saw Smith with his head in a waste basket and a revolver in his right hand. One of the main members was now dead and Daugherty was coming up on indictment.

Not much is known why Smith killed himself but much can be assumed. The main theory is that Smith knew way too much.

If Daugherty and Harding were the master minds, Smith was their associate handing out tasks to all of their little pawns; he knew everything. Most historians think that he killed himself because he did not want to go through the agony of trial along with spilling the inner most workings of the gang. Charles Forbes was the next one to go. He was brought to trial on a conviction of embezzlement. Yet, he stood no chance. Once his actions went public, he was immediately convicted of embezzlement. He received a one hundred thousand dollar fine and two years in jail.

His actions brought attention to the American public. It showed just how distrustful government officials are among the American people. Ironically Daugherty was forced to investigate most of the stuff that was going on during Harding's presidency. Congress, at the time, said that Daugherty was doing a poor job investigating these cases. Once Daugherty backed Smith for his suicide, which he claimed it was just illness; the Senate launched an investigation on him. Daugherty was not directly linked to anything that the gang did. Yet, Daugherty still resigned his post as attorney general.

It was a sketchy move that a lot of people still question. It was not until Hoover's administration that all of the members of 'The Ohio Gang' were out of office. They were a modern day mob, who had all of the resources to get what they wanted. Harding's presidency is solidified with their actions and should rightfully so. He headed the most scandalous cabinets in presidential history. All of the members were not the brightest in the bunch but they got



what they wanted. Although they paid the price for their actions, they will go down as the biggest bunch of crooks to ever step into such high authority as they did.