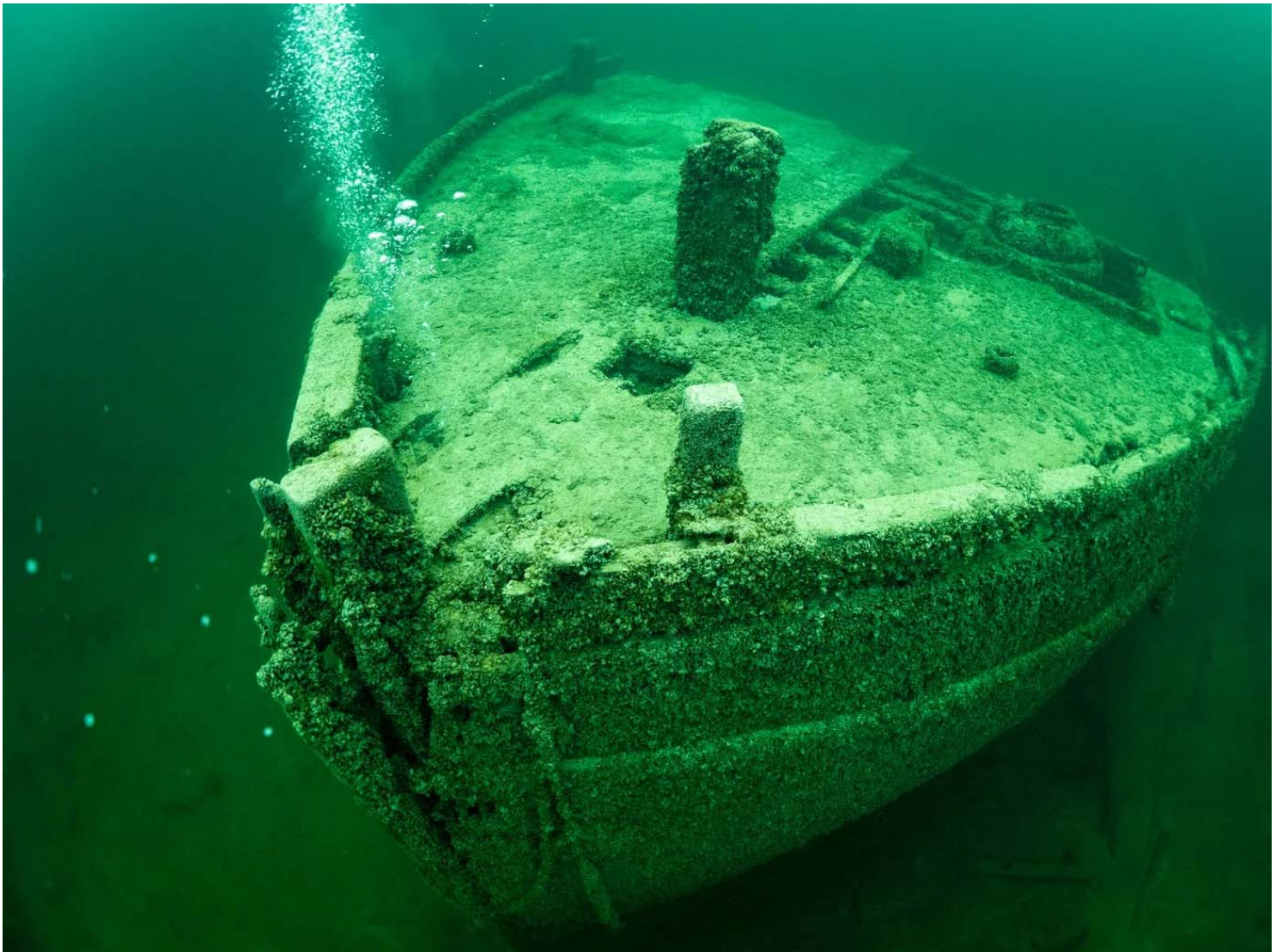


**HISTORY** | JANUARY 20, 2023

# Once a Floating Speakeasy, This Shipwreck Tells a Tale of Bullets and Booze

The “Keuka” sank in 1932, just three years after its grand opening as a dance hall, roller rink and illicit party boat



On the morning of August 14, 1932, the *Keuka* sank under suspicious circumstances, prompting speculation both at the time and in the decades since. © Chris Roxburgh

**Sean Kingsley**

On January 17, 1920, the United States ran dry. It was the beginning of Prohibition, which banned the manufacture, transport and sale of alcohol. In New York City alone, authorities shut down 15,000 bars. But the government's plan to temper the nation's drinking backfired spectacularly.

"We were tired of great causes," wrote F. Scott Fitzgerald in the 1931 essay "Echoes of the Jazz Age." "The wildest of all generations, the generation which had been adolescent during the confusion of the war, ... danced into the limelight." The dawn of the decade, the author later reflected, saw America embark on "the greatest, gaudiest spree in history."

For those willing to run afoul of the law, selling liquor to the real-life denizens who inspired *The Great Gatsby* and other tales of Roaring Twenties excess promised to be highly profitable. Partying during Prohibition meant keeping the barrels of booze flowing and the hidden speakeasies abundantly stocked.

To satisfy their thirst, some Americans made gin in their bathtubs. Others obtained prescriptions that allowed them to legally acquire liquor. And, in the backwaters of Michigan's Lake Charlevoix, Captain James Gallagher, president of the Wolverine Steamship Company, turned a leaky old lumber barge, the *Keuka*, into a floating speakeasy.



Souvenir hunters stripped the *Keuka* clean of finds decades ago. © Chris Roxburgh

## A “floating dance hall”

Chris Roxburgh, an underwater photographer and author based south of Lake Charlevoix in Traverse City, began 2023 with a visit to the wreck of the *Keuka*. He got his first taste of boating within two weeks of being born and started freediving at age 5. The second day of January presented the perfect opportunity for him to explore the vessel, which sank in 1932 and is now a popular destination for divers.

“Usually you have to worry in winter dives about big floating ice,” says Roxburgh, “... the same ice that caused many of the 6,000 wrecks in the Great Lakes. But it’s been a very warm winter, like most of the world, so Lake

Charlevoix was not iced over.” Under more typical winter conditions, divers would’ve had to cut a hole through 16 inches of ice to reach the *Keuka*.

Originally called the *A. Stewart*, the *Keuka* was built in 1889 as a barge for hauling timber. According to a paper by local historian Richard Wiles, the Wolverine Steamship Company bought the boat in 1928; Gallagher saw his new acquisition as a chance to cash in on Prohibition. On New Year’s Eve 1929, the *Keuka* held its grand opening as a “floating dance hall,” as it advertised itself. Fuller’s Orchestra provided the music, and couples paid \$1.50 for entry.



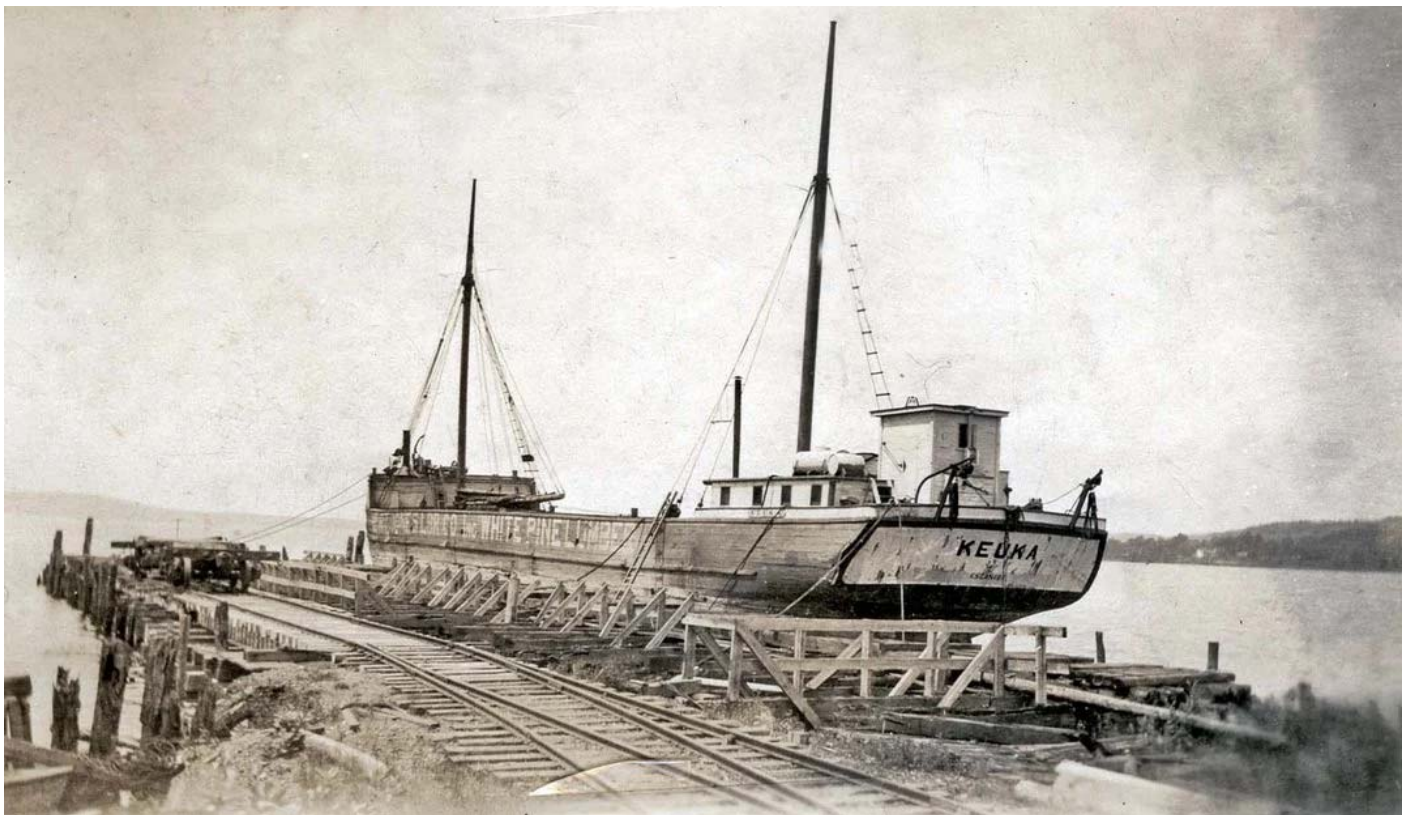
The deck of the wreck of the *Keuka* © Chris Roxburgh

“Management said it was going to be used just as a roller-skating rink, but they were lying,” Roxburgh says. “That was the cover.” In truth, the *Keuka* was a floating casino and speakeasy hiding in plain sight. It offered roller skating

most nights of the week, but the main attraction was the illicit drinking. With seating for some 150 guests, the steam-heated, electrically lit ship boasted a dance hall, a maple deck outfitted with slot machines, a private room for women and a smoking room for gentlemen.

While some speakeasies catered to more elite clientele, the *Keuka* was a “blind pig,” a term more often used for lower-end establishments. The name stemmed from a tradition in which customers paid to see a curiosity, such as a striped or blind pig, and received a complimentary drink on the side.

“The *Keuka* represented the drinking and gambling habits of the residents of the area: shopkeepers, laborers, merchants and the common people, as opposed to the upscale casinos” frequented by wealthy out-of-towners who spent their summers at the region’s resorts, says Wiles. “The *Keuka* was unique, a one and only.”



## Partying under the radar

The speakeasy's ruse involved picking up passengers at the Mason Street dock in Charlevoix and ferrying them out to the middle of the lake. There, the *Keuka* opened up its gaming tables and brought out the booze, safely removed from authorities' watchful gaze (though many law enforcement officials both in the region and further afield took bribes to look the other way).

All too soon, however, the open secret of the party boat sparked anger among locals, forcing officials to crack down on the enterprise. On June 24, 1930, the *Petoskey Evening News* reported that state troopers "visited the dance barge at the Bowers Harbor dock about 11 o'clock and went from table to table breaking bottles and glasses, empty or filled, while the patrons were dancing. ... The raid was made without a warrant but upon several complaints that there had been drinking on the barge."

More notoriety followed in late December, when Ed Latham, manager of the *Keuka*, was shot in the stomach after trying to stop a drunken brawl that started when a local aviator asked a barber's "lady friend" for a dance. Latham survived, but his business partner, William Elger, was arrested for violating Prohibition; the aviator, Ellsworth Bellant, was eventually sentenced to two to three years in jail. "The [*Keuka*] has had an unsavory reputation for some time, and residents of the county would undoubtedly rest easier knowing the place was closed," wrote the *Charlevoix Courier* on December 31, 1930.

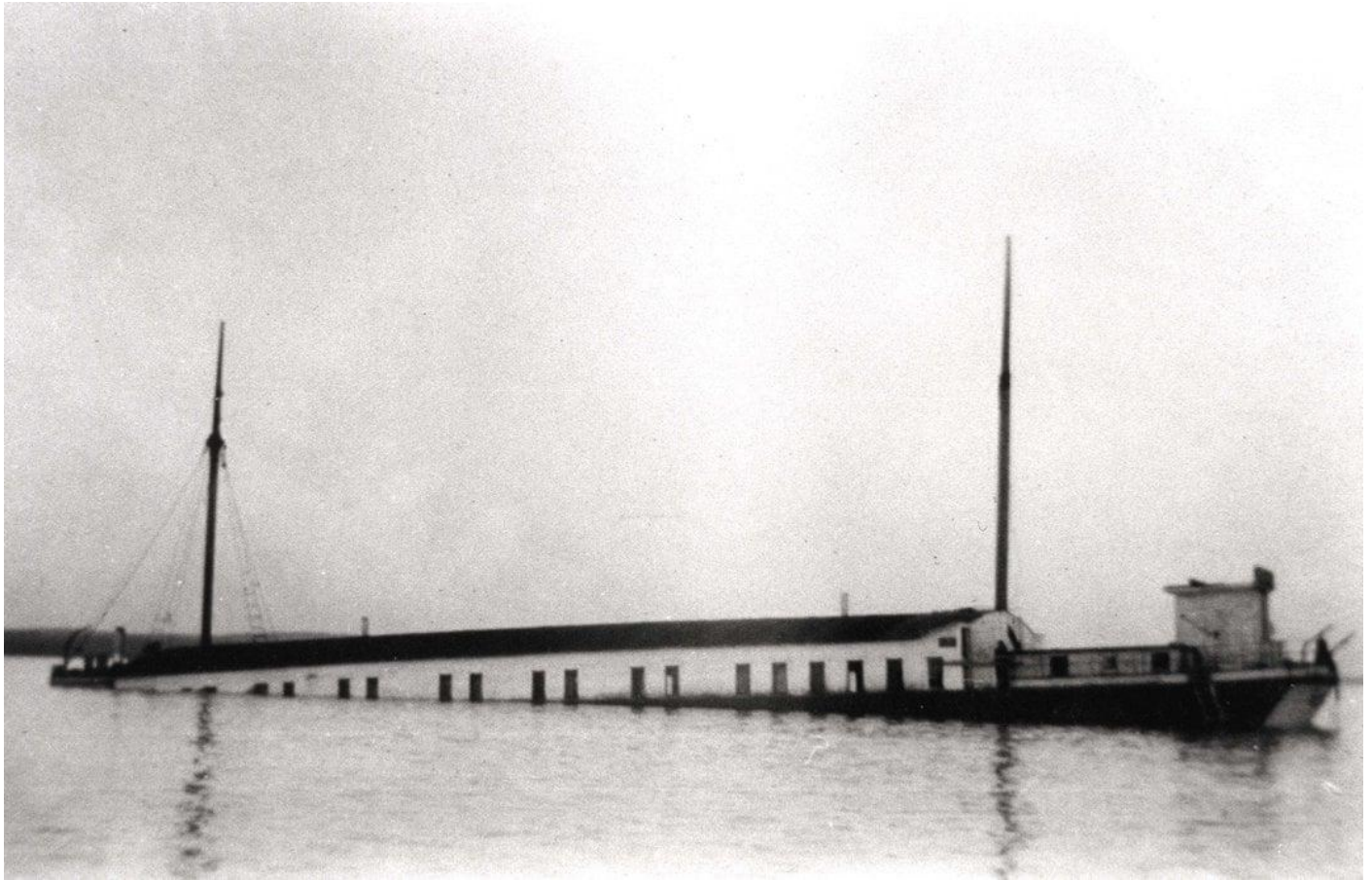


The *Keuka's* hold was decorated for use as a roller skating rink. Courtesy of the Charlevoix Historical Society

Though the barge resumed operations in late 1931, its revival was short-lived. On the morning of August 14, 1932, the *Keuka* sank under suspicious circumstances, prompting speculation both at the time and in the decades since. Some were convinced that members of the Charlevoix Woman's Christian Temperance Union were the culprits. Others claimed the ship was scuttled to escape the attention of federal revenue agents. Still others said the barge simply succumbed to leakage. By the end of its life, it had to be pumped out daily to stay afloat.

"It is my opinion that the *Keuka* was sunk on purpose," says Wiles. "The temperance movement was quite strong in the area despite what went on in

the summer casinos. It must have really irked some of their members that the common man ... was drinking and gambling under everyone's noses."



The *Keuka* sinking on Lake Charlevoix in August 1932 Courtesy of the Charlevoix Historical Society

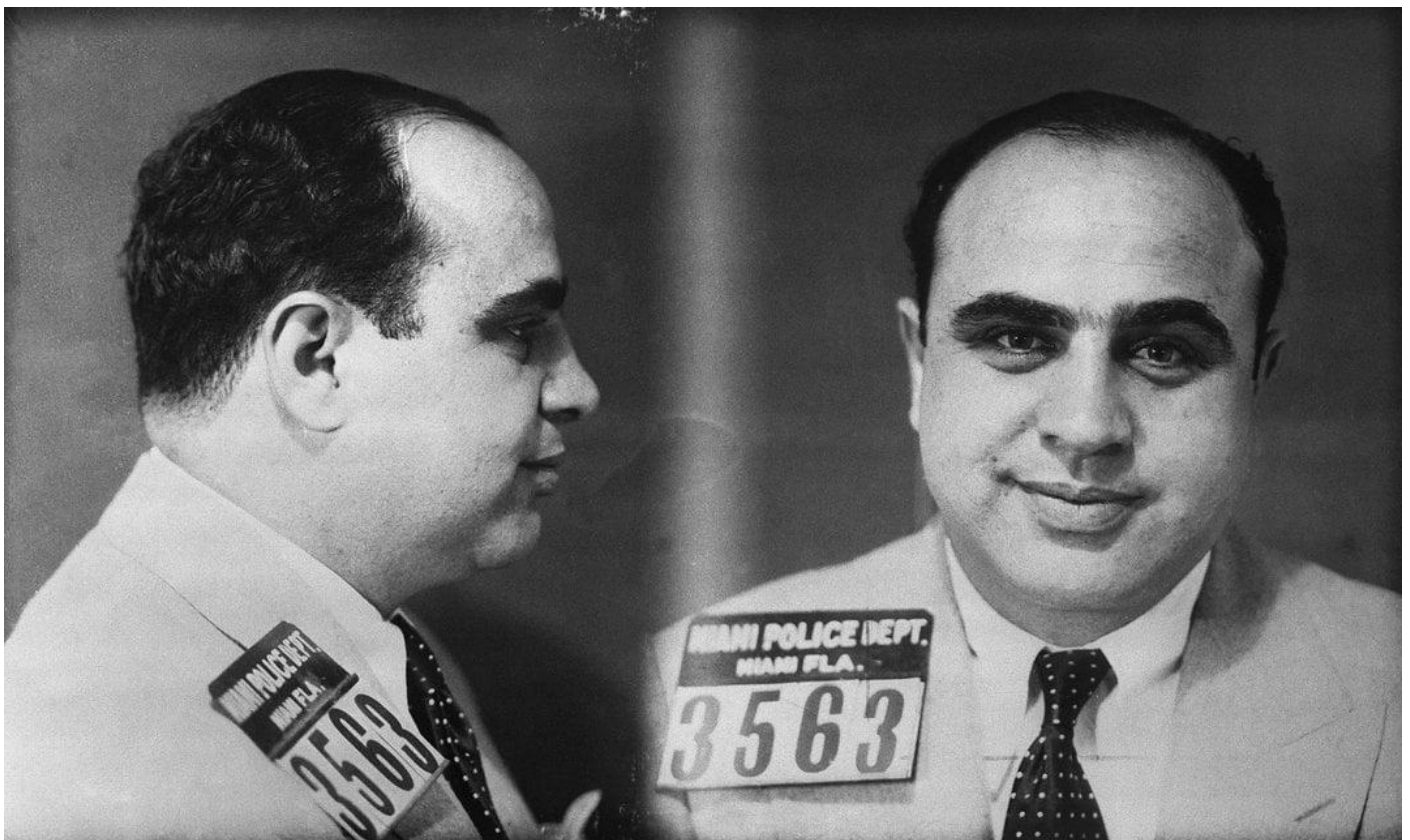
## Legends of the lake

These tales are relatively tame compared to the claim that Al Capone and his organized crime syndicate had a hand in the floating speakeasy between 1929 and 1931. "That was when Capone's men were supposedly supplying the ship, and one of them helped run it with the manager during Prohibition," says Roxburgh. "Capone had a house near Charlevoix and several homes and barges from Chicago to Michigan."



Nothing in writing ties Capone to the *Keuka* or Charlevoix. Indeed, some scholars are highly skeptical of the local legend of the gangster's involvement in the region's Prohibition-era illicit activities.

"Anything to do with Al Capone or Detroit's famous Purple Gang being in the area gets a lot of attention," says Wiles. "The rumors have been circulating for years about both having hideouts in the area. But Robert Knapp's exhaustive research in *Gangsters Up North* has shown that neither set foot in northern Michigan." (Knapp's 2020 book drew on previously unpublished accounts to separate fact from fiction in the first study of mob involvement in the region during Prohibition.)



A 1930 mugshot of Al Capone [Public domain via Wikimedia Commons](#)

Capone was a racketeering king who led an international bootlegging empire out of Chicago. Nicknamed "Scarface," he oversaw the large-scale import of liquor from Canada, running some 6,000 speakeasies and raking in more than

\$6 million a week in 1930, according to the Mob Museum. As his notoriety grew, Capone became a celebrity, a Robin Hood of the masses who offered tips and gifts from a \$50,000 roll of cash that he always carried. This sympathetic image, however, belied the fact that the mobster was a ruthless criminal whose illicit activities—directly or indirectly—led to the murders of an estimated 300 to 700 people.

While Capone's paper trail doesn't indicate that he spent time in the region, oral histories offer hints of his presence. According to a 1986 article in a local magazine, a former bartender at the Dew Drop Inn on Michigan's Lake Leelanau remembered the gangster and his men stopping by on a hot summer night and buying a round of drinks for the crowd. Karl Detzer, a former *Reader's Digest* editor, said he saw Capone drive by one time in an armor-plated Cadillac. During Prohibition, Detzer added, all long-distance calls went through a telephone exchange in the back of a small restaurant owned by Charlie Blume in Maple City. The editor claimed he and Blume used to listen in on conversations between Capone, his men and their comrades in Chicago.

Another Traverse City resident, Monty Montgomery, peddled 3-cent papers as a newsboy on Front Street during Prohibition. "Al Capone would come into town every so often to stay at his Long Lake cottage when it got too hot down below," Montgomery recalled. "Once he gave me \$5 for a paper. 'Mr. Capone,' I said, 'I got no change.' He just said, 'That's O.K. I don't want no change.'"



New York City Deputy Police Commissioner John A. Leach, right, watches agents pour liquor into a sewer following a raid at the height of Prohibition. Library of Congress Prints and Photographs Division

Did all of these sources' eyes deceive them? Or did they invent these memories —and, if so, why?

“We here do not lay any claim to Al Capone’s presence, because there is no documented proof he was ever in Charlevoix,” says David Miles, curator of the Charlevoix Historical Society. “He might have driven through, but that’s it. I think the Capone claims in northern Michigan are wishful thinking, sort of a notoriety by association, a frisson of ‘fake news,’ which you are free to believe or not.”

Miles connects the Capone lore to northern Michigan's proximity to Detroit, the well-documented stomping grounds of the Purple Gang, a mob made up primarily of Jewish gangsters. The group provided Charlevoix's slot machines, which were "everywhere in town" during the summer, according to Miles. "You could go into any store, any hotel and drop your nickels and dimes into slot machines," he says. "We even had a gambling casino in town considered to be one of the finest in the Midwest. The owner of it, John Koch, at the end of every season, went to Lansing, the state capital, and greased the palms of authorities in legislative posts so he could stay open, one year after another."



Members of the Purple Gang [Public domain via Wikimedia Commons](#)

As *Gangsters Up North* details, Charlevoix's criminal ties didn't end there. The FBI knew that mobsters frequented Koch's Colonial Club, and that the Charlevoix Beach Hotel's club was a popular venue for Jewish gamblers from Detroit and Toledo. According to Knapp, Capone considered competing with

the Purple Gang to supply Charlevoix's slot machines but ultimately decided to work with the rival group instead.

In his book *The Purple Gang: Organized Crime in Detroit, 1910-1945*, author Paul R. Kaveff calls the gangsters "one of the most ruthless organized crime groups in U.S. history." Between 1927 and 1932, the Purples were involved in an estimated 500 unsolved murders. Rather than start a bloody war with the mobsters, Capone settled for importing Old Log Cabin whisky from Canada through their channels.

## Frozen memory

The *Keuka* may not be the finest wreck in the Great Lakes, but to Roxburgh, it's one of the most precious because of its cinematic backstory. "I especially like to dive and photograph wrecks that a lot of people never get to see," he says. Much of Lake Michigan is plagued by millions of tons of plastics, as well as mussels whose weight pulls down hull structures and poisons their wood with acidic secretion. But the sunken speakeasy is faring well.

In the 1960s, Jim Sawtelle, owner of the Treasure Cove, a Charlevoix store that sold furniture crafted from shipwrecked wood, set out to raise the *Keuka* and turn it into a floating museum. A self-styled explorer who claimed to be a friend of Jacques Cousteau, he dreamed of filling the hull with 15,000 pounds of Styrofoam pellets, a novelty innovation manufactured by Dow Chemical to make disposable coffee cups, as local newspapers reported at the time. The recovery never took place, and souvenir hunters stripped the *Keuka* clean of finds decades ago.

"Still, the wreck is stable," Roxburgh says. "It was built really well and has been down there for almost a century. The knees still hold the deck up, and structurally, it seems sound."



The wreck of the *Keuka* is still largely intact and upright in Lake Charlevoix. © Chris Roxburgh

A year after the *Keuka* sank in August 1932, Prohibition came to an end with the ratification of the 21st Amendment. By then, many of the criminals who'd kept the nation supplied with booze during the 13-year dry spell had died, been arrested or lost control of their territory. In 1931, Capone pled guilty to tax evasion and Prohibition-related charges and was sentenced to 11 years in federal prison. Internal rivalries divided the Purple Gang, with members murdering some of their own and earning life sentences for their trouble. Behind bars, writes Kaviieff, they found ways to “literally [run] the state prison”—a status quo immortalized in Elvis Presley’s “Jailhouse Rock,” a 1957 single that riffed on how “the whole rhythm section was the Purple Gang.”

Michigan, the first state in the U.S. to enact an alcohol ban, in 1917, was also the first to ratify the 21st Amendment in 1933. Overnight, the U.S. 25 roadway

—nicknamed the “Avenue de Booze” because of the enormous amount of liquor smuggled along it—reverted to the uneventful Dixie Highway. The party was over.

### **Sean Kingsley**

Sean Kingsley is a marine archaeologist, explorer, historian and writer specializing in the sunken past. He has a doctorate from Oxford University and is a former visiting Fellow at Reading University. In 2020 he founded the world’s first popular magazine dedicated to the cultural wonders of the sea, Wreckwatch, and is its Editor-in-Chief.

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ALCOHOL

AMERICAN HISTORY

BOATS

CRIME

LAW

PROHIBITION

ROARING TWENTIES

SHIPS

SHIPWRECKS

WATER TRANSPORTATION