

FIRST DRAFT

Diamond Jack

Cowboy gangster made Sweetwater Lake a hot spot in the 1920s and 1930s

On Nov. 27, 1931, Diamond Jack Alterie was acquitted in Glenwood Springs for assaulting three men. He was free to go back to his ranch at Sweetwater Lake, northwest of Dotsero, Colorado.

But freedom for the one-time Chicago gangster did not last long. Neither did his time at Sweetwater Lake, where he had moved to avoid Chicago dangers.

Diamond Jack's real name was Leland Varain. He was born in Northern California ranching country in 1886. He was a rodeo rider as a young man, then a boxer. He married a Denver socialite named Mable "Mamie" Hayes in 1920.

Varain became known as Louie Alterie after he moved to Chicago in the early 1920s. He had a variety of other pseudonyms, including Kid Haynes when he boxed in Denver and Two-Gun Louis in Chicago. He earned the Diamond Jack moniker from the diamond-studded gold belt buckle he wore.

By 1923, Alterie had joined the Irish North Side Gang, headed by Dean O'Banion. The gang became violent rivals of the Italian Chicago mob that was eventually controlled by Al Capone.

Some stories claim Alterie killed as many as 20 members of the Capone outfit. He also became president of the Chicago Theatrical Janitor's Union and used his position to extort money from theater owners.

Alterie bought the 420-acre Sweetwater ranch from Denver Post cartoonist Paul Gregg in April, 1926. He vowed to turn it into a world-class resort and working ranch.

He wore flashy, Hollywood-style cowboy clothes, gave rides to local children in his shiny Lincoln auto, and was viewed as a good neighbor, initially.

According to a 1929 magazine article, the one-time mobster "was content to be a peaceful rancher."

But Jack also sought protection from his past. So, he hired seven Chicago heavies as his bodyguards. He planned to install a heavy steel fence around the ranch to "keep out human rats" as well as wild animals. And he stocked his ranch building with 250 loaded weapons, including pistols, shotguns and submachine guns.

But Jack's temper and his ongoing criminal activities prevented him from living a peaceful life. Over 13 years, he was involved in a remarkable string of violent events and legal encounters.

In 1922, he was arrested for a nonfatal shooting in Chicago and a jewel theft. Both cases evaporated when witnesses declined to identify him.

In June 1924, after Jack purchased a ranch near Sedalia, Colo., he and O'Banion were arrested in Chicago for allegedly robbing a mail-train. Charges were dropped a few days later.

In January 1925, Jack was arrested in Douglas County, Colo., at the behest of Chicago police. He was wanted in Chicago for violating prohibition laws, and on charges of assault with intent to commit murder and robbery. He was acquitted in April.

Back in Colorado in mid-February, he gave the

Douglas County sheriff a diamond-studded gold badge because, he said, the sheriff had treated him fairly.

In Denver on March 22, he got into a violent argument with the manager of a Cadillac dealership where Jack's car was being serviced. When police showed up, Jack apologized and no charges were filed.

He once executed a horse, gangland-style, because it had thrown and trampled a friend of his.

In November 1926, his friend Mike Rossi was arrested near Denver and found guilty of the murder of his wife, Carol. Three months later, Alterie married Rossi's 18-year-old daughter, Ermine. Alterie, who was 41, had recently divorced Mamie.

On June 5, 1927, at Sweetwater Ranch, Jack argued with his brother, Bert Varain over horses. Bert grabbed a shotgun and blasted away, hitting Jack in the shoulder and grazing his head. Jack refused to press charges, saying it was a family squabble, and nobody else's business.

Jack lived a fairly quiet life for nearly two years. He even announced that he was forming a company to begin mining near Leadville. In early 1931, he was back in Chicago, apparently a witness in one of Al Capone's tax-evasion court cases.

By 1930 a battle over who controlled the right to fish on Sweetwater Lake was developing. Although Jack didn't own the lake itself, state wildlife officials granted him exclusive rights to it. Neighbors objected, noting the lake had been open to the public for more than 50 years.

The dispute came to a head in May of 1931, when three Glenwood Springs men sought to test Jack's exclusive rights. While two of them were in a boat on Sweetwater Lake, Jack and a bodyguard took to another boat and began shooting at them. He returned to shore, then attacked the third man, beating him with his pistol.

It was that assault that led to Jack's 1931 trial in Garfield County. He was found not guilty because the jury determined he was protecting his property rights as he understood them.

But just over a month later, in January 1932, he was arrested in Denver for allegedly participating in a kidnap-for-ransom scheme in Chicago.

He and several others were indicted on Feb. 19, 1932. But when the trial was held in Chicago in August, they were acquitted. The victim couldn't remember what the kidnapers looked like.

At the close of the trial, Jack declared he wanted to get out of Chicago as quickly as possible because he didn't feel safe there.

About the same time, he relinquished his right to Sweetwater Ranch because he'd failed to make his final mortgage payments. He returned to Glenwood Springs. But his temper soon got him in hot water again.

On Nov. 18, 1932, Alterie was arrested at the Hotel

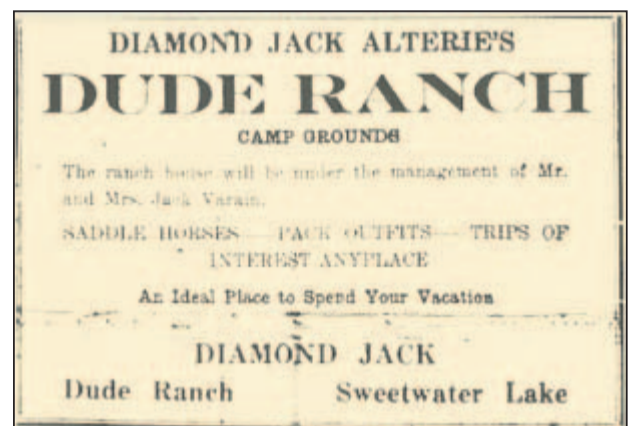


COURTESY OF ADRIENNE BRINK

Leland Varain, aka Diamond Jack Alterie, at his ranch at Sweetwater Lake.



BOB SILBERNAGEL



Denver for shooting two salesmen in the legs, George Barr of Grand Junction and Mark Waynick of Denver. He also beat hotel clerk Chuck Meehan over the head with a pistol.

Colorado authorities had had enough of Diamond Jack Alterie. He was indicted on six counts related to the shooting and jailed for a month. On Dec. 16, he pleaded guilty to one charge of assault, agreed to pay a \$1,250 fine, and he agreed to leave the state for five years.

He was reportedly on a train to Chicago the next day, where he and Ermine lived quietly for a while.

On Oct. 13, 1933, Jack was arrested for vagrancy in the Windy City. Then, on July 18, 1935, his past caught up with him.

Jack was shot and killed while leaving his Chicago apartment. Ermine was with him, and was blood-spattered but uninjured. It was never determined who fired the shots from an apartment building across the street.

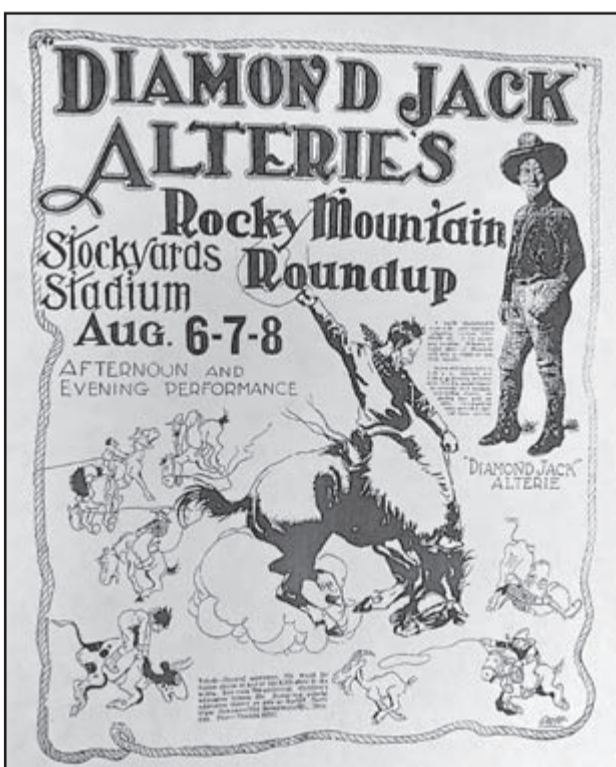
Ironically, Diamond Jack Alterie had helped pioneer the technique of renting an apartment near a target's home, and shooting the victim from the rented building.

Sources: Author interview with Adrienne Brink, current lessee of Sweetwater Lake Resort; newspaper and magazine articles provided by Brink, Bill Johnson, and the Glenwood Springs Historical Society and Frontier Museum; "The Moonlight Ranch & Diamond Jack," by Tom Lundin at www.historicmodern-denver.com; historic newspapers at www.coloradohistoric-newspapers.org.

Bob Silbernagel's email is bobsilbernagel@gmail.com.

AUTHOR'S NOTE:

The future of Sweetwater Lake remains uncertain. Although the U.S. Forest Service, which owns the lake and surrounding property, has announced plans to work with Colorado to establish a state park at the lake, area residents have vowed to fight that plan.



COURTESY OF ADRIENNE BRINK

Diamond Jack staged large rodeos at the Stockyards in Denver two years in a row during the time he lived in Colorado. Many of his Chicago gangland acquaintances were said to have made the trip west to attend the events.



COURTESY OF ADRIENNE BRINK

Sweetwater Lake Resort, as it appeared a decade after Diamond Jack died.



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