

SWINDLE LOOT NEAR \$20,000,000, AVERS CLINNIN

Chicago 'Financiers' Made
Practice of Wrecking Banks
and Industries.

MORE ARRESTS ORDERED

CHICAGO, Aug. 24.—Securities with a face value of \$15,000,000 were seized in Cleveland today as a climax to the amazing activities of the French-Worthington ring of "frenzied financiers." They were found in possession of Elmer E. Gerber, who is said to have made a confession. The seizure was made under orders from Federal authorities here.

CHICAGO, Aug. 24.—Sporadic stock transactions and business promotion schemes totaling close to \$20,000,000 were traced today to the gang alleged to have been headed by Charles W. French.

Federal investigators made this announcement, after spending the night going over seized records and confessions made by three of those arrested in connection with the work.

A nation-wide government probe of the Worthington-French "wolves of finance" now looks.

The Government's case, involving charges of frenzied financial operations in which millions were snatched from luckless investors, will be laid before William J. Burns, head of the United States Secret Service. It was intimated Burns would take personal charge of the probe.

WILLIAM J. BURNS WILL INVESTIGATE.

Revelations of the band's operations have reached such staggering proportions as to completely outgrow the local investigation. Edward J. Brennan, chief of the Department of Justice agents here, is now en route to Washington to lay the details before chief Burn.

It was announced that John R. Walker, official of a leading bank, was the Washingtonian sought in connection with the band's attempt to purchase a bank in Milwaukee. He was the man whom the band intended to defraud of \$500,000.

Twenty more persons, many of them supposedly financial leaders in the East and Midwest, will be indicted from evidence now in the hands of Assistant United States District Attorney John V. Clininni, he announced this afternoon. They were drawn into the net by the amazing confession of Alva W. Harshman of Milwaukee, one of the chief aides to Charles W. French, the "financial shark," and "Honest John" Worthington, alleged leaders of the "bundt theft trust."

Investigators traced operations of the gang through frenzied schemes of banking, check kiting, broken fortunes and linkups.

One death already has been attributed to the band's machinations. The victim was C. H. Littleton of Dayton and Akron, Ohio. After he had been stripped of his last penny by the band he followed French to Chicago to plead for mercy.

Police found his clothes the next day on the lake front. His body never was found.

New evidence showed at least seven more companies involved in the speculations. They included banks, oil companies, toll roads, house-wrecking, electrical construction, automobile plants, accessories, metal, furniture, meat packing, cement, lumber and plumbing concerns.

The ramifications of the gang caused Col. John V. Clininni, assistant United States district attorney, to remark as he completed a long period of investigation that "I'll be nutty if this thing grows much greater."

The gang specialized in bank wrecking, according to evidence Federal agents said they had uncovered. At the time the gang's operations were exposed they were on the verge of completing a deal to buy a small Milwaukee bank for \$100,000.

According to the plan of operation certified checks on a Washington (D. C.) bank for \$200,000 would be given for the first payment for the Milwaukee institution. As soon as the gang obtained control of the bank they would issue \$100,000 certificates of deposit on which money would be borrowed in Chicago and rushed to Washington to cover the checks. With the bank in their hands and dummy officials and directors they could proceed as they desired.

Federal agents in Washington have been asked to arrest a cashier of a bank who would have handled the checks and covered up the transaction at that end.

A. E. Strain of Milwaukee, who was to have engineered the deal from that end, is held.

FOUR BANKS WERE SWORN.

Evidence showed that four other banks were wrecked in this manner by the gang was obtained by the investigators and negotiations to obtain control of additional financial institutions were exposed.

Operations of the gang in the southwest through Pacific Title Company of Independence, Mo., and the Guaranty Securities Company of Kansas City, were uncovered.

In addition to working with banks, a string of fake manufacturing concerns, organized out of thin air or from some concern on its last business legs, was used by the "swindle trust."

Fraudulent securities would be issued on these companies and sold wherever there was a market.

The confession of Alva Harshman, who was secretary to French, was obtained by Clininni, bit by bit, after hours of questioning. When finally Harshman started to squeal, he told the whole story with a bitter tirade against French.

"I've been the goat for French long enough," he said. "Everything went one way into French's pockets. They had no outlet."

EARLY this morning Clininni started questioning James Horace Lest of Cleveland and Charles Deincke of Chicago in connection with their knowledge of the operations of the gang. Prompted by the example of Harshman, they have indicated a desire to tell all they know. Close contacts with the F. B. I. here have indicated in a letter French dictated to the Cleveland man a few minutes before the Federal agents swooped down on his room at the La Salle Hotel.

"Ho! Ho! I fooled them all," French cracked to a stenographer, taking his letter to Lest and into a Government dictaphone.

"French and his coyotes can't touch me now," he said. "Believe Clininni is an honest man, but I apprehend he is a better soldier than a lawyer."

LETTER OUTLINES PLAN FOR FRAUD.

The letter went on to outline the plan for the Milwaukee deal whereby Lest was to go to Washington and handle that end of the negotiations while a man dressed as French only as "alter." The letter mentioned a bonus for "Walter" when the job was completed.

"There seems to be a well grounded feeling among the banks here that I am going to do something adverse to their interests," the letter continued. "They are right about that. They think I am sort of a menace to them and I am. But as long as they don't discover my connection with the Milwaukee deal, no harm can be done to them."

The letter told Lest of the great secrecy which surrounded the swindler's suite at the La Salle Hotel, of how they were not registered and their room number didn't appear on the books so the coyotes wouldn't get wise" to where their headquarters were.

The letter said the president of the City National Bank of Dayton knew of what

French was attempting to do, but couldn't express him because "he had no knowledge of where we expect to buy banks, or of the Milwaukee deal."

French indicated he feared the Dayton president.

Several members of the band still are being sought by Federal officials, although much of their work is done. Z. W. Davis, the Cleveland millionaire who is said to have been pauperized by the gang, will be taken into custody today, Clininni said. A bank cashier in Washington whose name is withheld, also will be arrested, it is declared, in connection with the scheme to buy the Milwaukee bank.

Big business is blamed for the pro-seizure of Elmer E. Gerber, who is alleged "swindle trust" by J. H. Leet, Cleveland attorney of French.

Leet, wealthy son of a banker, told officials the "steel trust" feared French's operations to corner the iron ore output of the West.

"Our arrest is the answer of big business," Leet said.

"We planned to buy many banks across the country to finance our project," said Leet. "We would have been in complete control of the iron ore output and therefore in a position to successfully combat the steel ring."

"We did not keep the purchase of our banks secret because there was anything shady about our operations."

Panama and Costa Rican Tilt at End

Hughes Informed the Wishes of U. S. Prevail.

Special to Indiana Daily Times
and Philadelphia Public Ledger.

WASHINGTON, Aug. 24.—The Central American clash, which threatened to grow out of the Panama-Costa Rica boundary dispute has been averted. The American Marines now being hurried to the Canal Zone as a precautionary measure, will be recalled or assigned to relieve a like number of marines now on duty in the tropics.

The government of Panama, after an exchange of communications with the State Department covering a twenty-four hour period, informed Secretary Hughes that it had resigned from the Central American Commission.

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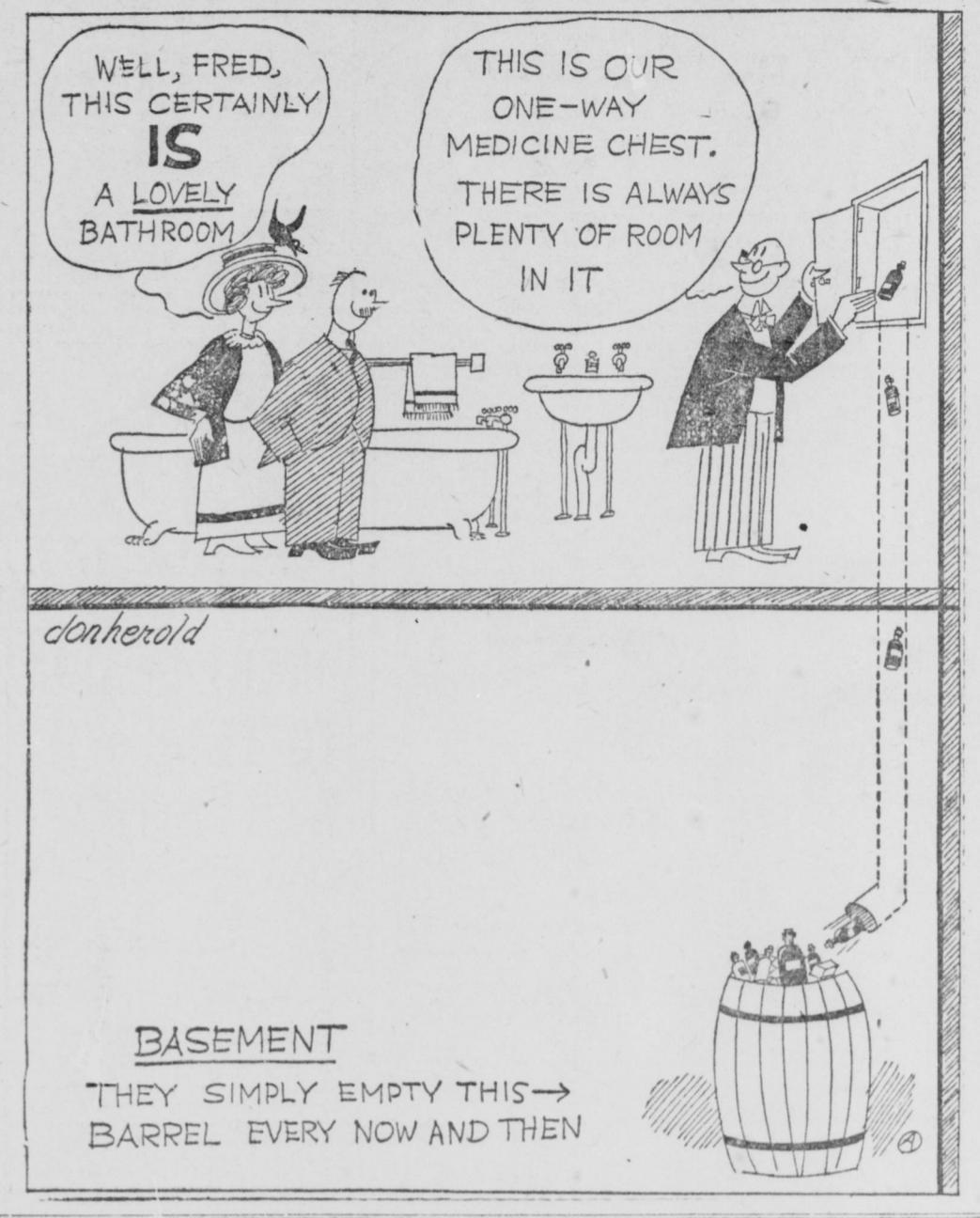
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Nobody Ever Takes Anything OUT of a Medicine Chest, Anyway

By DON HEROLD



FEAR POLITICS RULES MOVE TO CUT TAX RATE

Members of County Council
to Investigate 'Propa-
ganda' Charge.

MOTIVE IS QUESTIONED

Inquiry will be made by certain members of the Marion County Council prior to the annual meeting Sept. 6, to determine if the proposed reduction in the county tax rate from \$1.25 cents to 27 cents for 1922, is "political propaganda" for the purposes of strengthening the resolutions of the Shank-George-Tutwiler-Fester faction in the county organization.

Councilmen indicated today they were not going to jump at the tax rate reduction bill" until the entire question has been considered carefully by the councilmen, including as an informal committee, prior to the annual meeting Sept. 6, when the budget is fixed and the tax levy determined for next year.

President W. D. Haverstick of the County council said the date the councilmen will be called together informally within a few days to review the items on the budget and to discuss the proposed reduction in the county tax rate.

"At this time I am not fully advised of all conditions," Mr. Haverstick stated. "For that reason I do not care to be quoted on that point at this time. I am opposed to raising the tax rate. I am heartily in favor of a reduction, but do not want to reduce the rate to such a point that the county business will be hindered and handicapped. I want to investigate thoroughly all of these points before stating my position."

Other members of the council feel that any reduction in the tax rate should result only after careful investigation on part of the councilmen. A councilman pointed out that the last time the county had a tax reduction, thousands of dollars were appropriated in excess of allowances in the budget for 1921. One councilman said he felt at this time that County Auditor Leo K. Fester's proposed reduction recommendation, was "too low."

DECLARER PROPOSAL POLITICAL PROPAGANDA.

"This proposed reduction in the county tax rate is nothing more nor less than political propaganda for the purpose of making it look good for the Shank force," a member of the council said today. "The whole thing is political and nothing else."

President Haverstick is opposed to making any bonded indebtedness and is against bonding the county for \$750,000 for erecting a new bridge on Kentucky avenue.

"I agree with Mr. Fester on that," Mr. Haverstick said. "I am sure that a small bridge can be repaired at a small cost, compared to what it would cost to erect a new concrete bridge to replace the present iron structure. I will not favor increasing the bonded indebtedness of the county unless it is an absolute emergency."

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It is felt that the political motive back of the county tax rate reduction plan might have enough force to throw the county councilmen in line to issue bonds for the 1922 budget.

Under the state statutes the councilmen, cannot appropriate legally any money from the general fund as is done in the budget.

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Central News dispatch from Bombay said a small force of armed malcontents were marching upon the British Consulate.

Press accounts of the Indian rioting were confirmed by an official dispatch received at the India office from the Earl of Reading, Viceroy of India. He said sufficient reinforcements had arrived in the riot zone to cope with the situation.

Next Generation of Puddlers to Say 'By Jove,' Not 'I'll Be,'

ATLANTIC CITY, N. J., Aug. 24.—The future American workmen may be college bred men.

Organized labor is likely to have its own organization. President Sam Gompers has announced the special committee investigating the advisability of establishing a central labor university has submitted its report and that it was being considered by the executive council in session here.

The committee also reported on the possibility of co-ordinating the present educational institutions and activities conducted by organized labor.

The resolution follows:

"Whereas: The Indianapolis manufacturers under the auspices of the Chamber of Commerce are cooperating in the organization of an Industrial Exposition to be held in Indianapolis, Oct. 10-15.

Whereas: This exposition is to be conducted on a nonprofit basis.

"Be it Resolved: By the Rotary Club of Indianapolis that it command Indianapolis manufacturers of this city for this evidence of their civic pride and vision."

Applications for space are