

'SAFE' BONDS PURCHASED FOR VETERANS WHILE FLOTATIONS WERE SHOWING HUGE LOSSES

Issues Also Bought for Mentally Afflicted Ex-Soldiers Before Court Had Approved Actions, Records Disclose.

By ARCH STEINEL
Times Staff Writer

MARION, Ind., March 3.—"Your guardian considers said investments safe and free from undue hazard and as remunerative to ward's estate as any safe investment that could be made."

Those words were incorporated in a petition to invest funds of a World war veteran brought before Grant County Circuit Judge O. D. Clawson, by Marshall Williams, secretary and trust officer of the Grant Trust and Savings company, on Sept. 30, 1930.

(Mr. Williams is not the Marshall Williams formerly connected with the Democratic state committee.) The petition was approved for the expenditure of \$5,150 of the insane veterans' funds.

At the time of the petition, one group of bonds, Harding building, 6 1/2 per cent, for which a \$300 investment was asked, had sent out bondholder statements showing a loss of \$14,000 for that year and failure to pay taxes on properties (two and one-half years prior to 1930).

A mortgage loan for \$2,500 on the real estate of C. F. Richardson, requested in the investment petition and maturing in Oct. 1930, was foreclosed Jan. 11, 1932, for the estate of the insane veteran and bought by the guardian at a sheriff's sale for \$3,124.

Cost Was \$248.19

It cost the veterans' estate \$248.19 in delinquent tax payments, attorney fees, and court costs to obtain the property which on Sept. 30 was termed as a "safe and free from undue hazard and as remunerative to the ward's estate."

Belmont hotel bonds petitioned for to the extent of \$500 in the same court request on Sept. 30, 1930, were later defaulted in interest, and now are said to be in receivership.

Harding building bonds too, later were defaulted.

On Dec. 12, 1933, losses estimated at \$5,150, the exact amount of the so-called "safe investments," is sought in a suit against the Grant Trust by the new First National bank in Marion.

All Shown As Losses

All of the investments cited above are shown as losses to the veteran's estate in the suit.

All of the investments had been purchased from six months to three years prior to any court order being obtained for their investment in the ward's estate according to the records.

The present receiver of the Grant Trust, Howard W. Hooper, refused The Indianapolis Times permission to look at the company's books to establish whether the Richardson mortgage loan was delinquent in either payments of interest or principal when ordered by the court to be placed to the credit of the veterans' estate.

Mr. Hooper explained that the impending court action, suits, and litigation against the Grant Trust prevented him from clarifying the transactions on Sept. 30, 1930.

Bonds presumably purchased in 1926 and petitioned for in that year shrink in value in later reports in guardianship records of the Grant Trust.

For instance, in Case 1935, bonds totaling \$8,000 in Manghielli Bros., a Marion corporation in 1926, secured by a mortgage, faded to \$4,000 on the final report of the Grant Trust.

Purchased in '26, Says Report

The bonds, apparently, were petitioned for and purchased in 1926 with the purchase date on the Grant's ledger, according to the veterans' bureau report, as May 25, 1926, but the petition to invest will court approval made for \$8,000 of the bonds on Oct. 18, 1926.

The earlier alleged purchase of the bonds shows that in May, 1926 only \$4,000 of the bonds were bought instead of \$8,000 petitioned for five months later.

The same variance of amounts credited to estates shows in current court reports of realty mortgages assigned to the incompetent veterans' estates.

Case 1970, who at present is in a closed ward at the Marion Veterans' hospital, is shown by investment petitions to have had purchased by his estate by the Grant Trust a mortgage loan for \$1,300 and \$1,000 on property of Lewis F. De Wolf, Marion.

But in Sept. 30, 1930, a new investment petition is requested for \$1,800 mortgage on the De Wolf property.

Loan Shown Paid Off

In Nov. 25, 1933, the Lewis De Wolf loan is shown paid off in the final report of the First National of Marion (now in receivership) but the amount of the loan is \$1,300 not the \$1,800 as shown in the investment petition of Sept. 30, 1930, nor \$1,000 as shown to be one of the requested purchases on March 6 of the same year.

The First National of Marion took over the guardianships of the Grant and the records on Case 1907 as well as the assets and liabilities.

A loan from an individual to an individual secured by an adjusted compensation certificate (bonus) is not permissible under the United States Veterans administration.

The loans may be made by a bank to an individual.

In the guardianship court records of Case 1995 is shown a \$360 loan, secured by a bonus certificate, to Robert Patrick Kiley.

The loan notation is in the first current report of the old First National of Marion filed with the circuit court Feb. 10, 1932.

It shows that the loan was made apparently without a prior court order.

In the year 1931 to 1932, Robert P. Kiley, beer importer of Marion, was listed as vice-president and cashier of the old First National bank of Marion.

Mr. Kiley in the case of No. 1995

(This is the fifth of a series of seven stories on the alleged mismanagement of the estates of insane veterans of the Marion (Ind.) national home and hospital. The series will trace the alleged loss of thousands of dollars of veterans' money through alleged bad investments.)

Throughout the series the names of veterans will, due to their mental ailments and for protection of their families, be kept anonymous and alluded to only under the guardianship case numbers of the Grant circuit court.

The Indianapolis Times distinctly wishes it understood that none of the seven stories appearing in The Times daily, deals with acts of the present First National bank in Marion or the present Marion National bank of Marion.

also petitioned for an insanity decree of 1935 as far back as May 27, 1922, for the Citizens Trust and Savings company and then signed for the Citizens bank the formal acceptance of guardianship of the insane man from whose estate the records show he borrowed \$360 in 1931.

Mr. Kiley was president of the Marion Title and Loan company in 1930. The company floated bonds and acted as trustee of securities which were transferred to the trust of insane veterans on purchases made by the Grant Trust and Savings company as guardian.

Also Shown As Treasurer

The bonds, in some instances, later were defaulted in interest.

He also is shown as treasurer of the Grant Trust, now in receivership, in the 1930 Marion city directory.

With \$9,500 alleged bad investments in a suit filed against the Grant Trust and Savings company in November, 1933, in Case 2022 it was necessary in the current court report filed Feb. 6, 1933, for the First National of Marion (now in receivership) to lend the estate of Case 2022 the amount of \$5,18 in order that the court report could be balanced.

Interest had been defaulted, it is asserted, in most of the \$9,500 in securities which Case 2022 had during the longevity of the Grant Trust.

The veteran's cash balance had ebbed. The trust department of the First National of Marion in preference to selling the few good securities, or taking a loss through a sale, was compelled to loan the veteran the \$5.18 to make the court report.

In a report previous to 1933 it was necessary also to loan \$12.72 to the ward in order that the guardian, the bank, could make the court report.

(Next: The War Veteran With Eight Wives.)

ILLNESS FATAL TO MOTHER OF PRIEST

Mrs. Elizabeth Harms Dies in St. Francis Hospital.

Mrs. Elizabeth Harms, 70, mother of the Rev. Ethelbert Harms, assistant pastor of Sacred Heart Catholic church, died yesterday in St. Francis hospital. She had been ill a week.

Funeral services were held at 9:30 this morning in the church, with Bishop Joseph E. Ritter officiating. The body will be taken to St. Louis, where services will be held in St. Anthony's church at 9 Monday. Burial will be in St. Louis.

Mrs. Harms had lived two years with Miss Anna E. Schurb, 1715 Union street. She was a member of the Third Order of St. Francis and the Christian Mothers' Society of St. Louis.

Surviving her are three sons, Father Harms, Frank Brinkman, and August J. Harms of St. Louis; three daughters, Sister Mary Irene, Hannibal, Mo.; Sister Eusebia, Chichuba, La.; and Mrs. Anna Whitaker, St. Louis, and a sister, Mrs. Bina Ellerbrook, St. Louis.

JAPAN FRIENDLY TO U. S., GENERAL SAYS

Exchange Club Hears Talk by Fort Commander.

The better class of Japanese now are friendly with the United States members of the Exchange Club were told yesterday by Brigadier-General William K. Naylor, Ft. Benjamin Harrison commander.

General Naylor traced history of the development of Japan's program of expansion into continental Asia. He declared that Japan, having reached the population saturation point, with 440 persons per square mile of arable land, has found it necessary to expand westward, the only possible direction, into Manchuria, where fertile land and rich deposits of coal and iron are available.

SOCIAL WORKERS TO CELEBRATE AT DINNER

Twenty-Fifth Anniversary of Club Will Be Observed.

The twenty-fifth anniversary of the Indianapolis Social Workers Club will be celebrated March 12, with a dinner at the Spink-Arms.

The celebration will be in honor of Charles S. Grout, one of the early presidents, and general secretary of the Indianapolis charity organizations society—three years.

Speakers will be Eugene C. Foster, Evans Woolen Sr. and Merle Sideburn. Music will be furnished by Mrs. Georgia Lacey, harpist; Charlotte Lieber, soloist, and Mrs. Frank Edenharter, accompanist.

Mr. Kiley in the case of No. 1995

PICTURES TELL STORY OF DILLINGER'S LIFE, HIS PALS AND ESCAPES FROM PRISONS



MOBSTER NEVER TO PAY, EX-JUDGE SAYS

Clarence Marley Believes Dillinger Safe.

The first judge John Dillinger faced in his crime-stained career declared today that the mobster never will stand trial for his infamous series of bank robbery and murder charges.

Clarence Marley, the justice of peace who turned Dillinger over to Circuit Judge Williams of Martinsville after the criminal had robbed a Mooresville storekeeper, said that he believed authorities never will capture Dillinger alive.

Marley, now manager of the City Hall restaurant, posted a cryptic sign upon the city hall bulletin board when he received news that the gangster had escaped. The sign read:

"Johnny Isn't With Them Any More. To the crowd of city employees who gathered around Marley, the former justice of peace reviewed the early history of Dillinger's criminal career.

Marley told how Dillinger and an accomplice had robbed a Mooresville storekeeper after beating him on the head. Dillinger was told by his father to plead guilty in order to escape with a light sentence.

Whereas, Dillinger's partner pleaded not guilty and received a light sentence from the circuit judge, the now notorious criminal received from one to twenty years at the Indiana state reformatory.

It was this heavy sentence that embittered Dillinger against society and started him on his long career of crime, Marley believes.

Burglar Loots City Residence

Fred Sudbrook, 829 North Hamilton avenue, reported his home entered last night by a burglar, who stole \$37, a string of pearls valued at \$7.50 and food stuffs of undetermined value.

Happiness and Worry Blend in Father's Tears

'I Feel Better Now,' Says Dillinger, Aged Parent After Escape.

BY TRISTAM COFFIN
Times Staff Writer

MOORESVILLE, Ind., March 3.—Tears of happiness blended with tears of worry today as John Dillinger, 70, father of the "terror" mobster, was informed that his son had escaped from the Crown Point jail.

"It makes a fellow feel a little better, but of course they may catch him again," breathed the aged man, as happiness for his son's dodging the possibility of the electric chair for the murder of a policeman teemed his face.

"John was kind of tricky and if he got a chance, he'd get away," said the senior Dillinger, when the account of the escape was related to him.

When first apprised of the escape, he said: "He got away? They didn't get him?"

When told that he still was at large, Mr. Dillinger sighed in relief. "You know, I intended to go up and see him within the next week," he said. "The only thing that kept me away was the fact that the roads have been bad and I couldn't leave the farm."

Two weeks ago the aged man visited his notorious son in the Crown Point jail.

He praised the treatment and good quarters of the jail, but never said a word about doing what he did. "I added the father, referring to the escape."

In blue overalls and smothering his jeans, now and then, with gnarled, workaday hands, he looked around the room of his farm home and his eye struck the radio.

Upper Left—John Dillinger as a boy (left), pictured in his father's farmyard at Mooresville, near Indianapolis. His father, John Dillinger (right) and (inset) leader of the "terror mob" as he is today.

Upper Right—Harry Pierpont, strategist and "trigger man" of the "terror mob," pictured when he was captured at Tucson, Ariz., where he snarled his defiance of police and vowed to get free.

Lower Left—Mrs. Lillian Holley, sheriff of the Lake county jail at Crown Point, from which Dillinger escaped today.

Lower Center—The jail at Crown Point.

Lower Right—Mary Kinder, "queen of the gun molls," who rejoiced today when she was told of Dillinger's escape. Mrs. Kinder lives at 930 Daly street.

Authorities Scored for Second Dillinger Escape

Leland Morgan Opens Fire, Asserting Enforcement of Law Lax.

Indianapolis and Indiana law enforcement officials today were scored as incompetent and as "abdicating to the Dillinger mob," in an address by Leland Morgan at the Hotel Washington before a nonpolitical group of local young business men.

Mr. Morgan is county chairman of the Young Republican Organization. Mr. Morgan's speech was made three hours after John Dillinger, Indiana terror mobster, had shown his dislike for jails by escaping from the one at Crown Point, Ind.

Mr. Morgan's speech follows: "Has the great state of Indiana abdicated to the Dillinger mob? Is it going to be necessary for the citizens to admit the failure of local government to deal with crime and apply to Washington for protection?"

Dillinger Is Dangerous "Dillinger is as dangerous to society and as merciless as a hooded cobra. Yet he walked out of the Crown Point jail as easily as I leave my office in the afternoon. Moreover, he kidnapped one of his jailers and took along with him a machine gun from the prison arsenal."

"Two days ago Judge Frank P. Baker released Mary Kinder, gun moll and brains of the gang. He had to let her go because the prosecutor failed to make a case against her. She was the first of the mob to gain her liberty. Within forty-eight hours Dillinger crashed out of prison. Is there any connection between these two escapes, one by legal process through lazy prosecution and the other by brute force?"

"The state's experiences with Dillinger show that law enforcement in Indiana has reached absolute zero. We have got to make up our minds to take the agencies of law enforcement completely out of politics."

Scores Politics "Every one knows that sheriffs, who have charge of our county jails, are purely political officers. They are not selected for any special background or knowledge of the work they have to do."

"Every one knows that our city police are appointed purely for political reasons. The same is true of our state police, who have repeatedly been used by the present administration to distribute hand bills boosting candidates for office when they should have been running down crime."

"I happen to be a Republican, but let us get partisan politics out of this law enforcement problem. Let us have a real state police force whose members are selected by rigid civil service and searching physical examinations."

Such a police force would have state-wide jurisdiction. It could and should transcend local police who are under the influence of ward heeler.

"If we don't act and act quickly Indiana is going to be laughing stock of the world."

Real Estate Mortgages

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THE INDIANA TRUST Company for Savings
CAPITAL SURPLUS \$2,000,000.00
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2 ARE INJURED IN CAFE BRAWL

Proprietor Held on Shooting Charge in Downtown Free-for-All.

A Butler university student is in a critical condition with possible fractured skull, as result of a battle at 4 a. m. today in the Garden of Italy night club, 105 North Illinois street, scene of several recent disturbances.

Following the battle, in which witnesses said chairs were thrown, a blackjack wielded and a pistol shot fired, police arrested Fred Iozzo, proprietor, on charges of shooting within the city limits.

The most seriously injured was James Muller, 20, of 460 West Forty-sixth street, who, with William Schnorr Jr., 18, of 430 Hampton drive, was taken to St. Vincent's hospital, Muller in critical condition.

The trouble is said by witnesses to have started while Muller, Schnorr and a companion were singing college songs.

Iozzo told police a fight started among the singers and others, and that he and his bartender merely tried to stop it. Others said Iozzo wielded a chair, hitting Muller and Schnorr on the head, and then fired one shot, which struck the wall.

Muller resides at the Kappa Delta Rho fraternity house. Schnorr said he and Muller and several other youths had been having a party at the Schnorr home, and had gone downtown to start one of the guests home.

MASONIC MINSTREL TO BE GIVEN AGAIN

Second Performance to Be Presented Tonight.

The second performance of the minstrel show of the Ancient Accepted Scottish Rite will be given tonight in the Murat theater. The crowd which attended the first performance, last night, was entertained by the minstrel choir, the orchestra and the minstrel players.

The minstrel included acts given by Audley Dunham, amateur magician, and Elmer Crabb and E. H. Habig, in a dumbbell and juggling act.

William Krueger was interlocutor. Members of the staff giving special acts in the minstrel were Keifer Elliott, Earl Davis, William Haigh, John H. Jefferson, Louis Isensee, Raymond Ball, Dick Young, Edward Alexander, Clifford Norman, William J. Condey and Hallie Mitchell. Arnold Spencer was director.

REPUBLICAN LEADERS PYGMIES, SAYS KERN

Indiana Saved From Disgrace by Democrats, States Candidate.

Democrats have saved Indiana from disgrace at the hands of the Republicans. This declaration was made last night by Superior Judge John W. Kern, candidate for the Democratic nomination for mayor, at a meeting of the Council of Indiana Democrats in the Washington.

Judge Kern termed the Republican leaders as "pygmies in a land of giants."

Other candidates at the meeting were Chalmers Schlosser, for superior court one; Wesley Swails, for superior court five; Fred Galloway, state representative; John J. Schaller, for city councilman; and James Cunningham for center township assessor.



BELIEVES U. S. WILL NOT HURT DILLINGER

Meloy Says Government Can Not Make Arrest.

Belief that the federal government can take no part in the search for John Dillinger was expressed this afternoon by Alf O. Meloy, United States marshal.

As Dillinger is not charged with any federal offense in his long career of crime, federal officials are powerless to engage in the man hunt, he said.

"My men can not make an arrest unless they have a warrant specifying the federal charge," Mr. Meloy declared.

The only possibility for the federal government engaging in the search would be that a charge of violation of the Dyer act, for transporting stolen automobiles across a state line, could be filed against Dillinger, Mr. Meloy said.

Federal Judge Robert C. Baltzell and Val Nolan, United States district attorney, were in federal court and could not be reached for an opinion on the federal government's position in the Dillinger hunt.

DENSE FOG MAKES DRIVING HAZARDOUS

Warm Weather to Continue, With Drop Tomorrow.

A dense fog which made visibility almost nil, blanketed the city early today, making motoring hazardous and halting all aviation activities.

The fog, which is general throughout the Mississippi and lower Ohio valley, is the result of the ground having been frozen during the recent zero weather, and the present area of warm, damp air, creating condensation, according to J. H. Amington, local meteorologist.

Temperature was expected to be somewhat higher tonight than last night, when the lowest recorded was 30. Somewhat colder weather was forecast for tomorrow afternoon and night.

ENTERTAINS AT LUNCH

Miss Roberta Tompkins Marks 30 Years With Company.

In celebration of thirty years' service with the American Central Life Insurance company, Miss Roberta Tompkins, manager of the home office general files department entertained at luncheon Thursday. Her guests were employees who had been under her supervision.

BRIGHTWOOD CHURCH CHOIR MUSICAL SET

Choral Group Will Be Assisted by Shortridge Marimba Band.

The Brightwood M. E. Church Choral Society will present "Station B. C. S." at 8 Tuesday night at the church, 2410 Station street. The program includes "The Old Singing School," "Varieties of 1934" and "Hayloft Frolic." The Shortridge high school marimba band will assist the choir.

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WORKERS RUSH TO NEWCASTLE TO GRAB JOBS

New Deal Prosperity Brings \$600,000 Monthly to Community.

By Times Staff Writer

NEWCASTLE, Ind., March 3.—The goose that laid the golden egg has built a \$600,000 hatchery in Newcastle, but she's no goose—she's a blue eagle.

Each month she hatches this \$600,000 pay roll. Yesterday she cackled to the tune of hammers in the Chrysler Motor Company's plant, to lay \$280,000 in pay envelopes at the feet of Newcastle merchants.

The city is so prosperous that a tenant for a vacant house is selected by the well-known "eeny-meeny-miny-mo."

"Try to find a vacant bungalow," was the quick retort of a rental agency in the Indianapolis Times representative.

Used cars can be had if you bid for them. While you're looking over the rear end, another buyer may shift gears and drive the car right away from you.

Two and three families are living together in one home. Rooms are as scarce as teeth in a stage comedian's comb.

Hotel Business Thriving

The city's leading hotel, the Plaza, during the early part of this month, was forced to turn transient guests away. On one night it was necessary to put cots in the parlor to house overflow guests.

Daily approximately 1,000 men commute by trolley and used car from Muncie to work on one of three eight-hour shifts at Chrysler or the Ingersoll Steel Disc Company.

Neighboring towns like Spiceland, Mt. Summit, Hagerstown, send hundreds of men daily to the time-clocks of the Chrysler, Steel Disc Company, and Hoosier Cabinet Company.

Workers living in box-like rooms in the city come from all sections of Indiana, Kentucky and Ohio. Mayor Sidney E. Baker, county CWA administrator, merchants, bankers, and the booming firms of the town warn outsiders not to attempt to obtain employment in Newcastle.

"There is too many transients here now," the mayor said. He pointed out that it was necessary to permit the roamers and vagrant workers to stay in jail for lodging.

Pay Day Like Gold Rush

Nightly, almost, the courthouse basement is crowded with fifty or sixty men sleeping on the hard floors.

They come thinking they've struck a bonanza only to find that early in the morning the "greenback storm" in January, 1934, and are holding on to the jobs provided through NRA and the soaring balloon of activity of the automotive world.

Pay day is like a Yukon rush. Jostling men jam the two banks, First National and Citizens State, and file up to four and five paying tellers counting out money at the rate of hundreds a minute.

Every one wants to reach the bank before closing time. It is difficult for the men to put their "greenbacks" in their pockets after cashing checks. The milling mob permits, on some days, only thin wedges to slice through to get out of the bank and the pay must be held on high, if it is to be held at all.