

SUE MAYOR FOR FLOOD FUNDS

CHARGE MISUSE OF MONEY GIVEN FOR SUFFERERS

\$139,000 Raised in Relief Campaign.

In a bill of complaint filed yesterday in the Superior court, Mayor Thompson was charged with failing to disburse \$103,855 of the \$139,772 contributed in 1927 for the relief of victims of the Mississippi valley flood of that year. The bill also charged Thompson with recently diverting large sums from the \$103,855 to political purposes, including his present campaign.

According to the bill not more than \$18,500 of the \$139,772 reached the sufferers. In addition to the recent diversion, the complaint alleged that other sums were used improperly.

Hasty Denial Is Issued.

Before the full text of the bill and the extent of the attached exhibits became known Thompson issued a statement denying the charges. In it he said he withdrew the relief fund from the Prudential State bank after the president of the bank, George K. Schmidt, then city controller, announced his own candidacy for the mayoralty.

Schmidt announced his candidacy on Jan. 13. According to the bill of complaint and checks and receipts attached to it, all of the \$103,855 except \$5,635 had been withdrawn from the Prudential bank some time previous. The exhibits indicated that \$25,821 was withdrawn on Dec. 18, \$25,095 on Dec. 23 and \$46,290 on Jan. 8.

Schmidt Makes Statement.

Former Controller Schmidt also issued a statement that he, like his predecessor, Charles C. Fitzmorris, had been ex-officio the treasurer of the fund, had had no authority to disburse it, and had turned it all over by check "about a month ago." He said he did not bring the action.

The accusations against Thompson, who alone had power to draw against the fund, were filed by the law firm of Miller, Wales and Noxon, of which Amos C. Miller is the head. The complainant was Charles S. Smith, described as a contributor of \$50 to the fund, whose address was withheld with an explanation that this was thought necessary for his safety.

Repayment of Money Sought.

The complainant asked that all money improperly paid out of the fund be repaid and that the resulting total be given to the Red Cross for the benefit of victims of the present drought.

This plea is based on the ancient doctrine of cy pres, the power of a court of equity to substitute for a particular charity which no longer exists another as nearly like it as possible. Such court action would be preceded by a complete accounting.

Counsel for the complainant said that as soon as the case is assigned for hearing he will ask that it be referred to a master-in-chancery. He said that subpoenas for now unnamed witnesses will be issued, and that the taking of depositions will be begun at once.

Use of Thousands Charged.

One of the charges of the proceeding was that "many thousands of dollars" from the fund have been spent for the Thompson prosperity coupon" scheme, and the recent Thompson flood control conference at the Congress hotel.

Because of that, summonses were issued for several defendants in addition to Thompson. The others are Commissioner of Public Works Richard W. Wolfe; James W. Breen, first assistant corporation counsel; James P. Davis, Bishop A. J. Carey, member of the city civil service commission; the Foreman-State National bank, and the Waterways and Flood Control Association of the Mississippi Valley.

Commissioner Wolfe was named in the bill and the exhibits as the man to whom the money was turned over after its withdrawal from the bank. Thompson, Wolfe, and Breen were named as the incorporators of the Waterway and Flood Control association, which was organized last December.

Davis Is Not Identified.

Davis, who was not identified further, was described as the recipient of several monthly payments from the fund, totaling \$1,166. Bishop Carey was listed as having received in addition to \$5,000 given him for use in the flooded areas, \$3,500 in a "personal transaction" between him and Thompson.

The exhibits attached to the bill were alleged to be the record of the major transactions in connection with the fund when, starting with Dec. 18, it was transferred from the Prudential bank, where it lay dormant through most of 1929 and 1930.

In general these checks and re-

ceipts covered the transfer of the money not only from the bank but from the Thompson Flood Relief fund to Commissioner Wolfe as treasurer of the recently created Waterways and Flood Control Association of the Mississippi Valley.

Association Newly Created.

The latter association was incorporated at Springfield on Dec. 16 by Thompson, Wolfe, and Breen, with its office address given as 501 city hall, which is the mayor's office. Shortly before that time Thompson had called his January flood conference.

"Your orator shows," read the bill, "that the corporation known as the Waterways and Flood Control Association of the Mississippi Valley was formed by the express instruction of said defendant Thompson and that the purpose of Thompson in forming the corporation was to provide a means by which Thompson could disburse said trust fund for purposes other than the original use for which the trust funds were contributed."

Record of the Withdrawals.

On Dec. 18 the withdrawal of \$26,831.66 was made from the relief fund and paid to Wolfe, according to the records introduced with the suit. The general expenses of the flood conference, which ran from Jan. 12 to Jan. 16, were understood at that time to have been paid by Thompson.

On Dec. 23 the withdrawal of \$25,095.90 from the Prudential bank was made. The cashier's check for that amount was made payable to Thompson personally, and the indorsement bore his instructions to pay to Wolfe for the Waterways and Flood Control association. It also carried Wolfe's indorsement in that capacity.

One other document attached to the bill showed the withdrawal of the \$46,290.74 from the Prudential bank which was shown in a Wolfe receipt as the final payment closing out the account. That receipt was signed by Wolfe as treasurer of the Thompson flood relief fund, with which his name does not appear in any other official connection in the proceedings.

Check Made Out to Relief Fund.

The check itself had been made out to the relief fund, and the indorsement on the back of it consisted of the typewritten words "William Hale Thompson Flood Relief fund," with no written signature of any kind. It was cashed at the Foreman bank. The check itself does not show that the money was deposited to any account there.

The 19 page bill of complaint included many details concerning the relief fund and opened with a recital of the conditions in the Mississippi valley in April and May of 1927.

At that time Thompson, having just been elected, was on a cruise of triumph down the Mississippi. Two steamers carried the celebrants, who, near Cape Girardeau, Mo., began to receive their impressions of the horrors of the flood.

The extent of the calamity was described in the complaint, the suffering, exposure, starvation, and illness of the victims. The complaint recited that President Coolidge, the governors of many states, the Red Cross and other public agencies issued appeals for help.

Thompson Appeals for Funds.

The complaint declared that Thompson did not cooperate with these agencies but issued his own appeal for donations to his own fund, designating the city controller, then Charles C. Fitzmorris, as treasurer.

"A great calamity," read his proclamation, "has overwhelmed thousands of people in our own section of the country. Devastating floods have driven over 25,000 people from their homes in the Mississippi valley and the danger is constantly growing."

"I know that in the face of this danger . . . the citizens of Chicago will contribute liberally. . . . Therefore, as mayor of the city of Chicago, I call upon the citizens and inhabitants to give promptly and generously in this emergency and I am confident that the response to this urgent call for help will be prompt and ample."

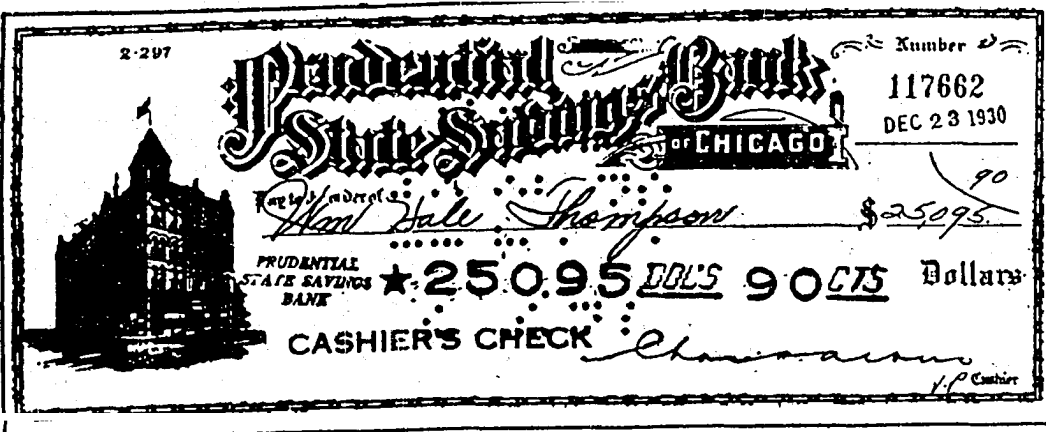
"The need is great. Your response should be immediate."

The bill recited that conditions in the devastated area continued to grow worse, and continued:

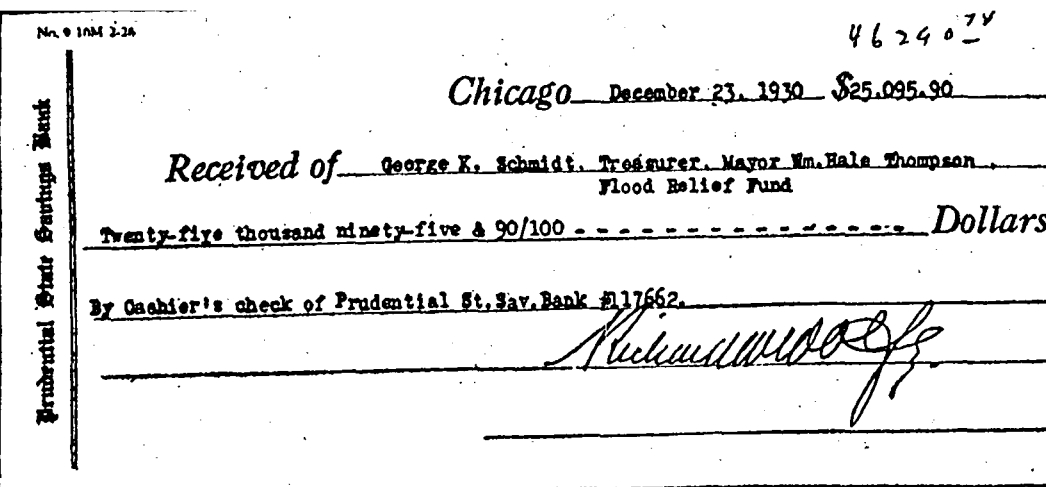
"Your orator shows that it was distinctly stated in said proclamation . . . that the purpose of said fund was for immediate relief."

"Then the bill set up that among the donations received were a collec-

Charge Mayor Diverted \$100,000 Flood Relief Funds

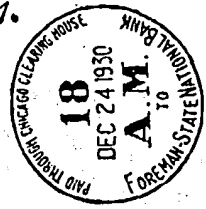


Reproduction of cashier's check of the Prudential State Savings bank for \$25,095.90 drawn Dec. 23, 1930, in favor of Mayor Thompson. This check figures in suit charging that the mayor diverted sums contributed for flood relief to political purposes. Thompson made this check payable to Richard W. Wolfe, who endorsed it and also gave receipt.



Reproduction of receipt given by Richard W. Wolfe for \$25,095.90 cashier's check issued to Thompson by Prudential bank. The receipt was given to George K. Schmidt as treasurer of the "William Hale Thompson flood relief fund."

Pay to Richard W. Wolfe
Mar. 9
The Waterways and Flood
Control of the Mississippi
Valley
Richard W. Wolfe
Treasurer of the
Waterway and Flood
Control Association
of the Mississippi
Valley.



Endorsements on reverse side of \$25,095.90 check, showing that Thompson made check payable to Wolfe as treasurer of "Waterway and Flood Control Association of the Mississippi Valley" and that Wolfe endorsed it as such.

tion from the school children and teachers of \$6,623.24 on May 11, 1927, another collection from the same source amounting to \$2,023 on May 13, and still a third of \$3,123.55 on May 14, and that still other contributions came from the children.

The complaint alleged that all of

the \$129,772.47 raised constituted a trust fund that could not be used for any other purpose than the immediate relief of the flood victims. It then listed all of the checks issued against the fund during 1927. By number, they were the following:

1. \$1,000, mayor of Memphis, Tenn.
2. \$2,500, mayor of Cairo, Ill.
3. \$5,000, the Rev. A. J. Carey.
4. \$5,000, Edward L. Ripley, Boston, treasurer of the Mother Church of Christian Science.
5. \$5,000, governor of Arkansas.
6. \$5,000, Cardinal Mundelein.
7. \$5,000, mayor of New Orleans.
8. \$5,000, repayment of advance loaned to fund.

9 to 14. \$100 each to mayors of Vermont cities.

15 and 16. Canceled.

17 to 27. \$100 each to mayors in Vermont, Massachusetts and New Hampshire.

28. Canceled.

29. \$1,000, Mother Vincent.

"Your orator shows that said sum of \$31,200 is the total of all flood relief and charitable payments out of the fund collected for Mississippi valley sufferers," the complaint said.

Other Checks Described.

The 1928, 1929 and 1930 checks also were listed. Seven of them were to the unidentified James P. Davis for sums ranging from \$150 to \$220. Another check was to Bishop Carey for \$3,500. The petition charged the Davis payments were "a private arrangement between Thompson and Davis and had nothing to do with the trust fund and were unauthorized."

It also alleged that the payment to Bishop Carey was a "personal transaction" between the minister and Thompson and that both knew they were "liable for repayment."

During 1929 and 1930, the bill said, there was still \$103,855.12 in the fund account in the Prudential bank. Then it recited the transfers to Commissioner Wolfe. Summarizing previous withdrawals, it alleged that the total amount used for the authorized purposes of the fund amounted to only \$18,500.

The bill charged that the turning over of the big balance within the last two months constituted a "con-

version," the bill went on, "that Thompson and Wolfe proceeded to pay from the trust funds all the expenses of the waterway meeting, and your orator is informed and believes said expenditures amounted to many thousands of dollars."

The petition then took up the Thompson "prosperity coupon" scheme, saying that in connection with it Thompson incurred "expenses for paper, for printing, and other expenses totaling many thousands of dollars."

"Your orator is informed and believes that Thompson has paid from the trust fund in the Foreman-State National bank a number of bills and expenses incurred in the 'prosperity drive,' such payments amounting to many thousands of dollars," the petition declared.

THOMPSON'S STATEMENT

In his statement denying the charges made in Superior court proceedings, Thompson said:

"This charge is absolutely false. I am used to lying attacks, but there is one attack I will not permit or tolerate, and that is an attack on my integrity, and I will hold responsible those who make or circulate such a charge."

"The truth of the matter is that these funds were turned over to the mayor in connection with flood relief, because the people donating the funds did not want to turn the money over to the Red Cross. Moneys contributed to me I turned over to various governors, mayors, other public officials and churches, to spend where the funds would do the most good for emergency relief in the stricken area."

The Controller's Part.

"The controller of the city held these funds in his care. Controller Fitzmorris was helpful in securing a part of these contributions. When George K. Schmidt was appointed controller, these funds passed into his hands, and he deposited them in the Prudential bank, of which he was president."

"After the expenditures as indicated above were made, word came to me that in the Negro districts of the stricken area the Red Cross made the Negroes sign a note before they would give them any money for relief, which prompted me to dispatch into those districts Bishop Carey to make an investigation, and when he reported to me that this condition was true I authorized him to make investigation and recommendations, and he did, and we sent the Negro churches contributions of from \$100 to \$1,000 because the Red Cross was discriminating against the Negro."

"Further Use Unnecessary."

"After Bishop Carey came home, at his suggestion I sent other Negro investigators into other Negro districts in other states, and a further contribution was made until the time arrived when I believed it would be unnecessary to use these funds further and it would be wasteful just to spread them around after the people had been cared for sufficiently by the

than the strictest honesty in the handling of these sacred funds is a cheap political falsifier and will be sued by me, not for political effect, but to punish those who try to destroy for political reasons the names of honest men, and I will follow this suit until they are punished sufficiently to be a warning against any other crook who sees fit to attack the integrity of the mayor of Chicago.

"It is rather interesting to me that

Miller, Gorham & Walter, who are personal attorneys for George K. Schmidt, candidate for Republican nomination for mayor, bring this action, which looks to me like a cheap political attack."

BURGARS RAID EVANSTON STORE.
Burglars raided the Browning, King & Co. clothing store, 325 Davis street, Evanston, early yesterday and stole 61 white and gray overcoats, valued at \$3,000 by the store manager, John H. Cox.

governments and the Red Cross in their respective states.

"This fund has remained in the hands of the city controller from its inception until the time of George K. Schmidt's resignation, and the balance of the fund, amounting to approximately \$90,000, which I have had invested in government and other gilt-edge securities, which has earned several thousand dollars in interest, was turned over to Richard W. Wolfe, treasurer of the Waterway and Flood Control association of the Mississippi valley, to be expended for the purpose of securing further benefits to insure the people of the valley against recurring floods. This fund is now in the Foreman State National bank."

"He who charges me with other