

# JURY QUIZ ON CITY TREASURY: EX-OFFICIALS WILL BE ASKED ABOUT CHARGES ...

Chicago Daily Tribune (1923-1963); May 7, 1931;

ProQuest Historical Newspapers: Chicago Tribune (1849-1989)

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# JURY QUIZ ON CITY TREASURY

## EX-OFFICIALS WILL BE ASKED ABOUT CHARGES

Report Revelations  
by Richard Wolfe.

(Pictures on back page.)

Coincident with the announcement yesterday that the audit of the city's finances as they were handled under the old city hall régime would be ready in a day or two the special grand jury showed signs of resuming an investigation into rumors of shortages in the city treasury.

J. A. Farmar, foreman of the special grand jury, is reported to have held a conference yesterday with Chief Justice John P. McGoorty of the Criminal court and Assistant State's Attorneys Charles J. Mueller and Charles Lounsbury regarding a resumption of the inquiry, which was started before election time.

The Questioning of Wolfe.

The jurors are reported to have obtained their first intimation that all was not well in the city's financial affairs from Richard W. Wolfe, commissioner of public works in the old régime. Wolfe was called before the grand jury before the election to be asked about a reported \$25,000 campaign fund check from Al Capone's Hawthorne Kennel club.

Before he finished his testimony, he is reported that he told the jurors about a midnight meeting at the Congress hotel in which \$40,000 was pledged to make up a reported deficit of one city official.

The jurors are said to have been surprised at the statements of Wolfe and at the time are reported to have favored going right ahead with the inquiry. After deliberation, however, it was decided that it would perhaps be better to wait until the election was out of the way and an audit of the city's finances had been made. One reason was to stop any cry of politics, it was reported.

Report Audit Nearly Ready.

Foreman Farmar yesterday instructed Prosecutor Mueller to communicate with City Treasurer James A. Kearns, recently elected, to determine how soon the audit will be ready. Efforts were made by the prosecutor to reach Kearns, but he was not found. It was reported, however, that an auditing company employed by Mr. Kearns is about ready to report.

Rumors yesterday were that three distinct shortages will be shown by the audit. One of them at least, or at least part of one, was covered by retribution, so Wolfe is reported to have told the grand jury on March 31. Wolfe's story is to be the basis of the grand jury inquiry at any rate, no matter what the audit may show, it was indicated.

Charles S. Peterson was city treasurer prior to his promotion just before the election to the office of city controller. He, too, it is said, will be questioned about the midnight meeting at the Congress hotel which was first told about by Wolfe.

Singer Becomes Treasurer.

August Singer, who was deputy city treasurer, was appointed to take Peterson's place when the latter became controller. Peterson was made controller to fill the vacancy caused by the resignation of George K. Schmidt, who became a mayoralty candidate.

While Peterson was controller he announced that he had been advised by counsel not to permit payment by the city of a disputed \$200,000 bill of the Keller-Elliott company for excavation in connection with the Wabash avenue bridge project. Wolfe was under fire for his handling of this project and he protested Peterson's refusal to pay the bill.

Because of this situation the jurors decided to act with caution at the time in view of the fact that Wolfe gave them the first story of the reported shortage and told of the meeting at the Congress hotel which he said was attended by such men as Samuel Eitelson, then corporation counsel; Robert Perlöhner, a member of the board of local improvements, and Chris Paschen, then building commissioner.

Jury to Call Conferees.

Peterson was in an adjoining room, according to Wolfe's story to the grand jury, and was brought into the conference room after the discussion had started.

It was indicated that the jurors will call before them every one who attended the midnight meeting described by Wolfe. The grand jury's investigation of the police department probably will be sidetracked for a few days to take up the coming audit, it was said.

The story as told to the jurors by Wolfe was obtained from a reliable source. He was first questioned regarding the Hawthorne Kennel club check incident, which he emphatically

denied, and then Prosecutor Mueller started to question him regarding a conference with Ettelson. It was then that he told of the midnight meeting.

After admitting that he had attended the midnight meeting, Wolfe, so it is reported, told the grand jury men that he had forwarded his \$5,000 check the following day to be applied on the shortage fund. Seven others were present at the meeting, he added.

He was then asked by Assistant State's Attorney Mueller to name them. Those he remembered were Ettelson, Carter Blatchford, member of the school board; Louis E. Golan, a city hall henchman; Perbohner and Paschen. Mrs. Golan also was in the meeting, Wolfe is said to have testified.

The date of the meeting was fixed, rather vaguely, as a Wednesday before March 31. Wolfe related that he had been called by Perbohner, who told him the mayor wanted to see him. When he arrived in the conference room, he asserted, he was met by Golan, Ettelson and Blatchford. The plight of a certain city official was then explained to him by the corporation counsel.

#### **Informed of \$40,000 Discrepancy.**

Wolfe's testimony, it was reported, showed that Ettelson told him this city official was short \$40,000 in his accounts and would have to pay up the shortage before 11 o'clock the following morning. It was presumed by Wolfe at the time, he said, that the bonding company had made the demand under threat to expose the official unless the payment were made.

It was put up to him, according to his reported testimony, that it was a matter of loyalty to the mayor's cabinet to pay his share and save the official from scandal and criminal prosecution. Wolfe said that he had received no evidence of any indebtedness to him in return for his donation, although he had been assured that Ettelson was to be made trustee for the property of the official and that this property would be administered for the benefit of the donors of the fund.

In the property to be turned over to the corporation counsel was furniture valued at \$35,000 and an equity in Wisconsin lands, Wolfe is said to have testified.

#### **Wolfe Wants to Forget.**

The only explanation given as to how the official got in trouble was that he had engaged in business in which he lost money. Wolfe is reported to have said that he didn't know whether he would get any of his \$5,000 back and would like to forget it.

Wolfe apparently only knew definitely that he and Blatchford had paid in their shares of the money. He is reported to have said, however, that Michael J. Faherty, then president of the board of local improvements, and Lewis Myers, president of the school board, were mentioned at the night conference, although they were not present.

He could not be sure whether Faherty and Myers, or even Ettelson, had put up their shares. Perbohner, he indicated, had done the telephoning to get the donors together.

Wolfe is reported to have testified that the official who was short in his accounts gave a brief explanation as to how he had gotten into difficulties, but he did not elaborate much on this.

The grand jurors are said to have traced the \$5,000 Wolfe check and found that it was cleared through the Central Trust company.

## **Holland Drys Want Local Option; Too Many Drunks**

*[Chicago Tribune Press Service.]*

THE HAGUE, May 6.—The "drys" in the Dutch parliament today announced they will introduce a bill establishing local option for Dutch municipalities. They cite increasing drunkenness. Twenty thousand drunks, they allege, were sentenced last year out of 30,000 offenses. The government opposes the bill.

# Grand Jury Awaits Auditor's Report to Resume Inquiry into Rumor of City Funds Shortage



[TRIBUNE Photo.]

## BOOKS AUDITED.

Charles S. Peterson, former city treasurer and later city controller,

(Story on page 1.)



## ALREADY HEARD.

Richard W. Wolfe, former commissioner of public work, whose story is said to have aroused jury.

(Story on page 1.)



[TRIBUNE Photo.]



[Gaubell Photo.]



[TRIBUNE Photo.]



[Wallinger Photo.]

## NAMED AS PRESENT AT REPORTED CONFERENCE ON ALLEGED DEFICIT.

Left to right: Samuel A. Ettelson, former corporation counsel; Christian P. Paschen, former building commissioner; Carter Blatchford, member of the board of education.

(Story on page 1.)

## REPORT AWAITED.

James A. Kearns, present city treasurer, who had audit made.