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KUHN IS ARRESTED IN THEFT OF \$14,548 OF BUND'S FUNDS

American 'Fuehrer' Seized in Pennsylvania With 3 Aides on a Hasty Trip

PROVES HE WAS FLEEING

Being Rushed Back Here by Auto—Accused of Filching \$8,000 From Garden Rally

Fritz Kuhn, the so-called Fuehrer of the German-American Bund in his country, was indicted yesterday by the New York County grand jury on a charge of the theft of \$14,548 of the bund's funds. Before the indictment was handed down at 2 o'clock in the afternoon Kuhn vanished from the city with three other Bundsmen in an automobile.

At 5:45 o'clock, however, Kuhn was arrested by Detectives James Cashman, James Canavan and Joseph Norbury of District Attorney Thomas E. Dewey's office at Schenker's gas station, a mile east of Krumsville, a hamlet about thirty miles from Allentown, Pa. Neither Kuhn nor his companions, who were not arrested, were aware that the detectives since early in the day had been trailing Kuhn in another car from Eighty-fifth street and Third Avenue.

Kuhn had pulled up to the filling station with three traveling bags in the rear of his car, which he had gathered at three separate places in this city at the start of his trip, to place also in the car three trunks he previously had sent to Krumsville, the detectives reported over the telephone to Mr. Dewey.

Later another detective telephoned Mr. Dewey's office and said that Kuhn would return to plead to the indictment without extradition proceedings.

Identifies Kuhn's Companions

The detective also revealed that the three men in the automobile with Kuhn were Thomas Dixon, Gustave J. Elmer, a national organizer for the German-American Bund, and Gerhardt Wilhelm

Kunze, a publicity agent for the Bund.

Kuhn, Mr. Dewey was told, insisted he was not in flight from arrest when he was overtaken, but that he and his companions were on their way to Chicago and Milwaukee, where Kuhn was to make speeches at Bund gatherings.

Up to the time of the actual arrest the detectives had no opportunity to get in touch with Mr. Dewey's office to learn whether the grand jury had acted in the investigation. Then one telephoned from the filling station and the arrest followed.

The detective was told that fifteen minutes after the indictment had been handed up to Judge Cornelius F. Collins in General Sessions a bench warrant had been issued for Kuhn. The detective said that Kuhn would be taken to the barracks of the Pennsylvania State police at Hamburg. After some discussion at Hamburg it was decided to take Kuhn to Reading to sign a formal waiver of extradition. He left there late last night by motor for New York.

When Mr. Dewey was asked whether he believed that Kuhn actually was in flight from arrest in the alleged thefts of the bund's funds, he said: "It looks very much like it. The indictment shows that Kuhn is just a common thief."

The prosecutor pointed out that if Kuhn is convicted on the twelve counts in the indictment he will be liable to imprisonment for a term of fifty years.

Mr. Dewey announced that he would send one of his prosecutors to the Hamburg police barracks to be present in the event Kuhn's friends attempted to obtain his release on bail before extradition papers were signed by Governor Lehman in Albany and sent to Governor James of Pennsylvania in Harrisburg.

It developed that the hamlet of Krumsville is in a district of Pennsylvania in which Nazism is strong and it was believed that friends of Kuhn secretly had taken his three trunks there at his direction.

Charges in Indictment

The first six counts of the indictment charge grand larceny in the first degree, the next four second-degree grand larceny and the last two forgery in the third degree. The evidence against Kuhn was presented to the grand jury by Assistant District Attorneys Frank A. F. Severance and Sewell T. Tyng in an investigation of Kuhn's alleged misappropriation of the bund's funds that began seven weeks ago. The first word that the investigation had been in progress came from Kuhn about ten days ago when he revealed that on May 2

last attachés of Mr. Dewey's office, including a detective and an accountant, had raided his office at 178 East Eighty-fifth Street and seized the books and papers of the bund and five of its related corporations, all alleged to have been under his sole control.

Kuhn at the time declared the raid was made when he was away on a trip to the West and told Paul E. Lockwood, executive assistant district attorney, over the telephone that \$1,380 had been taken from his personal desk in the headquarters during the raid on a subpoena duces tecum. Mr. Lockwood promptly told Kuhn that no money had been taken from his office and invited Kuhn to call at the District Attorney's office the next day formally to file charges of the alleged disappearance of the money.

A few days before James Wheeler-Hill, described as Kuhn's closest lieutenant in the management of the bund and its allied corporations, had spent several hours with Assistant District Attorneys Severance and Tyng under interrogation on the bund's finances.

On May 17 Kuhn and Wheeler-Hill appeared outside the grand jury room under subpoenas, but both left without testifying. Wheeler-Hill, however, returned alone and testified under a waiver of immunity, Assistant District Attorneys Severance and Tyng admitted yesterday.

Kuhn unexpectedly again was subpoenaed for grand jury testimony last Wednesday, and, before going to the grand jury ante-chamber, told the two prosecutors repeatedly that he was eager to testify and would sign a waiver of immunity, but when he reached the door of the grand jury room, and the assistant district attorneys were instructed by the grand jurors to invite him inside, Kuhn announced he would not sign a waiver of immunity.

Refuses to Explain Change

When he took this surprising stand the two prosecutors stepped aside, and Kuhn walked stiffly out of the Criminal Courts Building, refusing to explain why he had changed his mind. He was not aware, however, that the three detectives who placed him under arrest in the Pennsylvania hamlet late yesterday afternoon had been assigned to trail him and observe his every action, indicating that Mr. Dewey suspected he would resort to flight.

Last Thursday Mr. Dewey included in the grand jury investigation the request of Mayor La Guardia that an inquiry be made of alleged violations of the city's sales tax laws by Kuhn in the sales of supplies by the bund leader to adherents of his bund and allied corporations. At the time Mr. La Guardia referred to a report he had received from William B. Herlands, Commissioner of Investigations, that an inquiry he had conducted into the bund, at which Wheeler-Hill was among the witnesses, developed that there were irregularities involving \$4,855 in tax liabilities and penalties due.

The first and second counts in the indictment alleged that last February Kuhn stole \$8,907 of the bund's funds. The proceeds of a

bund rally in Madison Square Garden on Feb. 20. The next two counts accuse Kuhn of having stolen and embezzled \$4,424 of the funds of one of the bund's allied corporations, the German-American Settlement League, Inc., which had been gathered for an appeal from the conviction of a large number of bund members in connection with a mass meeting at Riverhead, L. I. This money, it was alleged, was taken by Kuhn between June, 1938, and October of that year.

The fifth and sixth indictments allege that Kuhn, on July 5 last, stole \$555 of the funds of the German-American bund, which he used, it was alleged, in payment for the transportation of a load of furniture belonging to a Mrs. Florence Camp from Los Angeles to this city. Mrs. Camp, District Attorney Dewey said, is the blond woman with whom Kuhn had himself photographed recently at the World's Fair.

The next two indictments accuse Kuhn of the theft of \$500 from the German-American Bund and the German-American Settlement League, Inc. The District Attorney explained that Kuhn was accused of drawing checks for the amount to his own order and cashing them and then changing the books of the bund and the league to have it appear that the money had been used in payment of legal fees to James D. C. Murray, lawyer, in connection with the appeal that was to be taken on the conviction of the bund members in Riverhead.

The ninth and tenth indictment allege that Kuhn stole another \$151 from the bund to transport Mrs. Camp's furniture from this city to Cleveland. Mr. Dewey said that Mr. Murray denied he had received the money from Kuhn. The last two counts, the forgery charges, relate to an alleged false entry Kuhn made in the books of the bund and the league of the money he represented he had paid to Mr. Murray.