

'Aid-to-Enemy' Charge Names Chase Bank

By the Associated Press

A Federal grand jury in New York returned two indictments yesterday charging the Chase National Bank and Leonard J. A. Smit, dealer in industrial diamonds, with "conspiring and engaging in" the illegal sale and export of industrial diamonds in violation of the Trading With the Enemy Act, Attorney General Biddle announced.

Other defendants indicted on the same charge include two corporations controlled by Smit, Anton Smit & Co., Inc., and Elfantum, Inc.

Biddle said the indictments, together with five others returned by the same grand jury December 20, 1943, but made public for the first time yesterday, collectively charge that Leonard Smit and his various companies, through the assistance of the Chase National Bank, "contrived by illegal means to trade in industrial diamonds in contravention of various wartime laws freezing the funds of certain foreign nationals and prohibiting the export of certain strategic materials."

Winthrop W. Aldrich, chairman of the board of the Chase National Bank, informed of the indictment, said it "simply makes no sense."

"All the acts complained of happened before Pearl Harbor and, therefore, before the United States entered the war," he said.

"The Chase National Bank, like all the other large banks, had many thousands of transactions which involved the interpretation of the foreign exchange relations. In carrying them out, we were acting in the closest cooperation with the public

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authorities.

"The indictment alleges that the bank conspired to aid the Axis. This is ridiculous. We are no more guilty of such action than is the Attorney General himself, and we resent having our reputation damaged in this manner.

"What has been done in the name of the administration of justice is a plain outrage on the home front and crass stupidity on the international front."

Biddle charged Smit established Elfantum, Inc., in Panama as a non-American "front" for sales of diamonds which reached Germany and Japan, and Chase National was accused of aiding these operations by carrying on regular banking and credit transactions with the Smit firms.

Biddle described the indictments as "the most significant application to date" of the criminal sanctions of the Trading With the Enemy Act, and the first time in this war that such action had been brought against an American banking institution.

An immediate result, Biddle asserted, "will be the shutting off of what is believed to be one of the

worst leaks of strategic industrial materials out of this country to the enemy."