

Chase Bank Pleads Innocent to Charge Of Trading With ^{Star}Foe

By the Associated Press.

NEW YORK, Jan. 13. — The Chase National Bank pleaded innocent in Federal District Court today to two indictments charging it with conspiracy and violation of the Trading With the Enemy Act in allegedly financing a refugee diamond merchant who is accused of trading with Axis nations.

The plea was entered by Emmet F. Smith, vice president of the bank, in the bank's behalf. Judge Henry W. Goddard set February 1 for hearing motions in the case.

The indictments by a Federal grand jury opened yesterday charged the Chase Bank and Leonard J. A. Smit, an international dealer in industrial diamonds, with "conspiring and engaging in" illegal sale and export of industrial diamonds in violation of the Trading With the Enemy Act.

Three Firms Indicted.

Five other indictments, opened earlier but announced for the first time yesterday, charged Smit and three corporations, said to be wholly owned by him, with contriving "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."

In a statement yesterday, Winthrop Aldrich, chairman of the board of the Chase Bank, termed the indictments "an outrage" and said that "all the acts complained of happened before Pearl Harbor and before the United States entered the war."

Two Represent Government.

Donald MacKinnon, attorney of the firm of ~~Mitbank, Tweed & Hope~~, representing the bank, told the court an important witness would have to come from abroad. "He is a former officer of the bank now in Spain on Government business," the attorney said.

Appearing for the Government today were Assistant United States District Attorney Bruno Schachner and Special Assistant Attorney General F. J. Rarig.

"The indictment alleges that the bank conspired to aid the Axis," Mr. Aldrich said. "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."

Set Up Panama "Front."

Attorney General Biddle said earlier in Washington that Smit, whom he described as a Dutch national, established Elsantum, Inc., in Panama as a non-American "front" for sales of diamonds that reached Germany and Japan.

The Chase National Bank was accused of aiding the transactions by carrying on regular banking and credit transactions with Elstantum and other Smit firms.

Mr. Biddle said an immediate result of the indictments would be "the shutting off of what is believed to be one of the worst leaks of strategic industry materials out of this country to the enemy."