

TEDDY M'KNIGHT'S PARTNER IN DEFUNCT TRUST COMPANY WAS SHOCKED AT HIS ARREST

(Boston Globe)

Arrest of Edwin T. McKnight president of the closed Medford Trust Company, in Miami Fla., and the arraignment in Middlesex Criminal Court of attorney John E. Eaton, director of the bank and McKnight's law partner, featured yesterday's developments in the Middlesex County probe of the affairs and conduct of the bank.

According to a dispatch from Miami late yesterday afternoon, McKnight was arrested on a fugitive warrant at the Jackson Memorial Hospital, where he is under treatment for diabetes. He was held in bonds of \$10,000 for a justice of the peace hearing today, according to the dispatch, and refused to comment on his arrest, except to say that he is not guilty and will prove that assertion in court at the proper time.

"Shocked" Says Eaton

Declaring that he is "shocked and surprised" at the action taken against him by the Grand Jury, Eaton said in a public statement issued last night that no one interested in the probe of the Medford Trust Company could obtain a fair trial at the present time. The bank was closed on Oct. 7 on orders of the Bank Commissioner.

He said that calm consideration and co-operation of all concerned is required in order that first of all the rights of the depositors may be protected and the assets of the bank preserved for their benefit.

More Arraignments

The arraignment of attorney Eaton in the Middlesex Court yesterday afternoon makes public the identity of a second of the 11 defendants who have been named, according to the district attorney's office in a total of 95 indictments returned by the Grand Jury to date in connection with its investigation of the bank's affairs. The indictments being secret, the identities of defendants other than McKnight and Eaton are also still secret. The district attorney's office stated yesterday that arraignment of more defendants will take place today.

Eaton entered a plea of not guilty to an indictment charging him and McKnight, as officers of the Medford Trust Company, with receiving a fee of \$1250 on Aug. 2 at Medford in connection with a certain business transaction of the bank.

Bail of \$2,000 was set by Judge John M. Gibbs and was furnished by Eaton in the form of a surety company bond.

McKnight's Friend Active

The arrest of McKnight yesterday afternoon was finally made when Dist. Attorney Warren L. Bishop of Middlesex County received information that McKnight would not keep an agreement to return voluntarily to this jurisdiction tomorrow. Despite the intervention of friends of McKnight in Florida, including a Florida judge,

Mr. Bishop ordered his arrest by telegram and in no uncertain terms.

That McKnight has many staunch friends in the Florida city was evidenced by the many telegrams, telephone calls and letters which came to the Middlesex prosecutor in his behalf since receipt there of the necessary papers for the banker's arrest as a fugitive from Massachusetts justice.

Through the efforts of these friends an agreement was reached whereby McKnight would return voluntarily tomorrow and would not be arrested. Then, last Saturday night Mr. Bishop reached information that McKnight would not start back for another 10 days. He immediately asked for McKnight's arrest on a fugitive warrant and requested that bail be set at \$15,000.

Judge Also Intervenes

Still the arrest was not made, and communications came to the Middlesex district attorney from Judge David J. Heffernan of the Civil Court of Records for Dade County, Fla., in which the judge characterized his interest as that of a friend of Mr. and Mrs. McKnight, and stated that he had "suggested to the chief of police of Miami that a warrant for his (McKnight's) arrest will be unnecessary; that just as soon as he can be moved he will leave here for Boston."

In a telegram which followed this communication, the Florida judge again sought to prevent the arrest of McKnight, saying that he would personally guarantee the banker's return to Boston as soon as his physician felt it safe for him to travel.

In this telegram the judge pointed out that McKnight "is highly thought of here, where he and partner honorably conducted large development."

District Attorney Bishop stated that he did not reply to these efforts in McKnight's behalf, but wired the Miami police to arrest him, because of his delay in returning, and to set bail at \$15,000.

Bishop not Yet Notified

Then at noon yesterday Dist. Attorney Bishop received a telegram from the Miami police to the effect that they would serve the fugitive warrant on McKnight, and that they had been unable to serve it sooner due to absence of the justice whose signature in the matter was necessary.

When the district attorney's office closed last evening as to whether McKnight had actually been arrested. A special dispatch to the Globe, however, stated that the arrest had been made and McKnight had been held in bonds of \$10,000 for a justice of the peace hearing today.

Thus McKnight, who left Massachusetts a week ago Saturday after a warrant had been sought against him and while an officer was looking for him to serve him with a Grand Jury

summons is finally under arrest in Miami.

More Indictments Loom

Assistant District Attorney William G. Andrew, in charge of presentation of evidence to the Grand Jury in connection with the probe, stated last evening that the jury will probably return additional indictments today, materially increasing the total of 25 already returned.

The presentation of evidence to the Grand Jury has been completed he said, and the defendants named will be notified to appear at court for arraignment. Several arraignments are expected today, he said.

A meeting of Medford Trust Company depositors has been called for tomorrow evening, at the Medford High School assembly hall, by the Medford Aldermanic Committee.

This committee will make its report to the Board of Aldermen tonight, relative to the city's funds, amounting to about \$266,000 on deposit in the bank when it was closed on Oct. 7.

Eaton Statement in Full

The full text of the statement issued last night by John E. Eaton, McKnight's partner, follows:

"I am shocked and surprised at the action taken against me by the Grand Jury. For 35 years I have practiced my profession as a lawyer in this city and have countless friends and clients who believe in me. During the last three days, since the Medford Trust Company matter has been featured in the papers, I have received letters and have heard from over 100 different persons who assure me of their belief in my integrity and honor.

"I wish to say that in all my relations with the Medford Trust Company as a director or as counsel I have never knowingly done a wrong act or taken a cent improperly. These facts will be fully established when the cases are tried. In these preliminary indictments I had no opportunity to be heard, to produce witnesses or present facts which could readily have been shown from my office files of books. In fact, I was on a trip to Europe in 1929 when one matter is alleged to have occurred. I welcome the fullest investigation of all matters against me.

"The hysteria created by statements in the press that more than \$2,000,000 had disappeared from the bank, and that the savings and commercial departments of the trust company would only pay a small percentage to depositors, although corrected in part later, has produced a situation where no one interested could obtain a fair at the present time. A denial of these statements would have helped depositors and the orderly liquidation of the bank's assets. Instead these statements have been used to create prejudice and hatred against officers of the bank, who, I believe, are innocent of any wrong doing.

"Depreciation in the security and real estate markets has been the cause of great losses. When such securities as the stocks of the leading banks of New York and Boston have depreciated to 25 per cent or less of their value in 1929, of course the assets of banks holding these securities must also have declined. The same is true of real estate values. Loans taken in 1929 and previous years cannot be measured by any yard stick of 1931 values.

"This situation requires calm consideration and the co-operation of all concerned in order that first of all the rights of depositors may be protected and the assets of the bank preserved for their benefit.

"Personally I have been treated most courteously by the district attorney's office throughout this trying ordeal."

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—HARCOURT STRANGE, in New York Sun.

In football the hero is the boy who carries the ball through after his methodical teammates have made a hole in the line.

Being all-powerful, Soviet Russia could, in a pinch, add enough months to the calendar to make the five-year plan work out in five years.

QUESTION OF GRID SUPREMACY IS UNSETTLED

New York, Dec. 9.—Awarding the so-called National Intercollegiate Football championship to anybody this fall is impossible. Inasmuch as the teams regarded as the strongest in this country do not meet guesswork counts for nothing.

Because Notre Dame was conquered by Southern California at South Bend 16 to 14, many critics will hail the Trojans as mythical champions. But Southern California, undoubtedly great, doesn't stack up against Tulane, Tennessee and Southern Methodist, still undefeated and untied, and has on engagement with Northwestern, winner of the Big Ten Conference title, and distinguished for having battled Notre Dame to a scoreless draw.

Southern California lost to St. Mary's 13 to 7, on September 26, but St. Mary's hardly would have repeated that victory if the teams had clashed again before recently. Howard Jones' Trojans are undisputed champions of the Pacific Coast Conference, having beaten, among others, Stanford, 19 to 0, and California 6 to 0 also Oregon, 53 to 0, which trimmed New York University, 14 to 6, recently.

Incidentally, California trimmed Stanford after which the latter team, coached by Glenn Warner, started on the long journey to Cambridge to play the vastly improved Dartmouth eleven. Last year Dartmouth visited Palo Alto and lost to Stanford by a score of 14 to 7.

Then again the great Yale team that beat Harvard might have given the Trojans or Notre Dame a hard fight and don't forget Bucknell, still unbeaten, victorious over the powerful Fordham machine. All things considered, therefore, it is folly to single out one of these splendid football institutions as the best of the year. The question of supremacy is simply a matter of opinion.

KING QUILTS THE HOBOS FOR WORK

Chicago, Dec. 8.—Grant Park, Chicago's lake-front park, is likely to see some lively action January 2.

Stopping at Grand Forks, N.D., enroute from Canada to Chicago, Joseph (Leon) Cotel (Jegal) Labarowitz, who says he has been king of the American hoboes for four years, issued an official call for "members of the Bonafied Hoboes Union of the United States America to be present in Grand Park, Chicago, at 9 a.m., on January 2, 1932." Lazarowitz wants the convention to elect a successor as he intends to quit hoboing and go to work in Winnipeg.

Mayor Anton Cermak recently announced Chicago no longer was a hobo haven and that those from out of town would be sent outside the city borders. Yesterday more than 100 were arrested.

All of which augurs a warm, but not cordial reception for the convention delegates.

West Palm Beach, Fla., South Florida's "hobo express" system, which carried undesirables by the hundreds northward on co-operative trucks, appears to be on its last wheels.

Martin and St. Lucie counties sometime ago ceased operation of their links of the "express" because of lack of funds, and yesterday the Palm Beach county commission voted a discontinuance of the project.

The express has been operated by various counties, each hauling uninvited guests to its northern boundary and instructing them to keep going.

Palm Beach commissioners said they expected Broward county officials to take similar action, in which event Dade county, where Miami is located, would be the only remaining "express" member.

Of the more than 300 undesirable transported northward through this county this season, commissioners said, all but a few had been picked up in Dade county. The commissioner said Dade was the only county that benefitted materially by the system.

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