The Banking Panics

Chicago moonshine bootleggers had by September of 1929 taken to the hills with their stills. Raids on farms at Itasca and Arlington hills, thirty miles outside of Chicago, had turned up sophisticated continuous stills of 1500 gallon capacity costing $75,000 gold dollars *apiece*—more than $800,000 in 1996 greenbacks. Reporters speculated that distilling odors would be quicker to dissipate out in the country, and that the bootleggers must have believed chances of discovery by police were smaller. Freedom from extortion and robbery by common criminals may have been a factor. In any case, once distilling facilities had gained a foothold in the countryside, it was only natural for the bootleggers to place their money in small local banks for safekeeping. The frequency of holdups in Chicago was such that it was no longer safe to take a cab.[1]

On Monday, February 10, New York newspapers proudly announced that liquor conspiracy indictments had been handed down against 31 corporations and 158 individuals in Chicago. The liquor ring's operations allegedly extended through Chicago, St. Louis, Minneapolis, Detroit, Cleveland, New York, Philadelphia, St. Paul, Los Angeles and North Bergen, N.J. with alcohol diversion in the millions of gallons and turnover estimated at over $50 million a year. One of the New York corporations involved, Allied Drug and Chemical, was reportedly headed by bank director Alfred E. Van Horn. Other companies raided included Standard Laboratories in St. Louis, the Nipola Co. of St. Paul, Joubert Cie., E.M. Laving, Norden Essential Oil Co., Selick, Inc., Dee Drug Co., and the Maiden Lane Drug Company. On that same day, 917 Chicagoans were reported arrested. The beginning of Ralph Capone's long-awaited trial was also announced, along with further declines in wheat prices.[2] It had now been 19 days since the true bills were handed down accusing Corn Products and Fleischmann Yeast, and *still* the fact had not been reported by newspapers.

Corn Products & Fleischmann

Thursday's papers finally disclosed that the Fleischmann company and Corn Products Refining had both been indicted by a grand jury in Springfield for providing materials to bootleggers. No dates were given and the *Tribune* delivered the impression this was late-breaking news, although the indictments were now 19 days old. Corn Products Refining stood accused of shipping 220 boxcar loads of corn sugar from its Illinois plants at Argo and Pekin, and from its Missouri facility at Kansas City—carloads which company officials knew would end up in the hands of bootleggers just as Fleischmann knew the purpose of all that yeast.[3] Nowhere did the name Argo appear in print, and when J.L. Butler was buttonholed by reporters, his denials that the company ever sold to any but the most legitimate citizens was credited to the "manager of the Chicago plant of the Corn Products Refining company." No mention, however trifling, of the corn sugar plant at Argo appears anywhere today, and the plant certainly didn't exist as far as the *Tribune* was concerned in 1930.
Friday's news was just as startling, for the indictment of the Hubinger Brothers

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[1] (CT 9/16/29 1; 10/7/29 4) (Austin Statesman 2/10/30 1)

[2] (NY World Almanac 1931 98) (CT 2/10/30 1, 9, 23)

[3] (CT 2/11/30 1, 5) (Austin Statesman 2/10/30 1)