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Orville E. Hodge and The Hodge Scandal: 1904 to 1956

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AND

THE HODGE SCANDAL

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When Plato wrote the *Republic* in the fourth century before the birth of Christ, political philosophy was in its infancy; however, it was in this age that normative questions were raised that have yet to be answered. "What is truth?" "What will produce the ablest ruler?" and "Why are some men just and others unjust?" are examples of the questions which were raised then, and have subsequently caused over 2,000 years of debate.

The latter question is raised in Plato's Myth of Gyges, which tells the story of a shepherd, Gyges, who receives a ring which makes it possible for him to become invisible. This makes it possible for him to carry on in any manner in which he sees fit, and he did so. Storyteller Glucon explains that this is a proof that if a man receives total anonymity, he will be absolutely unjust. Because we have established conventions, like religious morality or a checks and balances system in government, man will operate justly, unless he is afforded the opportunity to do otherwise. Glucon concludes:

... And this we may truly affirm to be a proof that a man is just, not willingly or because he thinks that justice is good to him individually, but of necessity, for wherever anyone thinks that he can be safely unjust, there he is unjust.1

In the 1930s, 40s and 50s, government officials were afforded this anonymity, and some of these reacted in the manner which was predicted in the *Republic*. 
Although there were some areas of the country which had experienced major governmental and ideological reforms by this time (i.e., Wisconsin and Iowa, to name the most progressive), many other parts of the country were still notoriously corrupt. It was in these regions that the low visibility of public life afforded politicians the seemingly endless opportunities for unsavory, unethical and illegal activities.

Throughout America, probably one of the most historically corrupt states has been Illinois. Too often Illinois politicians had been able to spend the public monies without regard for the public interest so long as that money was spent in a manner which would insure the politician's reelections. Money and influence talked in Illinois, and with one the other could be derived. These two things become mutually reinforcing. Having one necessarily means that the other could be derived with little or no effort.

Beyond giving power to politicians, the system afforded power to other elites as well. Newspaper men, possessing power, and businessmen, possessing money, made up the other two sides of this triangle of power. For the most part, these three forces worked together. Businessmen gave money to campaign coffers and the politician would in turn sponsor favorable legislation, or distribute lucrative contracts. Politicians could insure favorable press coverage by distributing alcohol, food, gifts, and salaries to news reporters. Newspapers have also gained from favorable legislation.

Not only did these cozy relationships exist, but they flourished right under the noses of the public. If one operated within this system, he knew how it operated, derived some benefit from it, and assumed "that's just the way things are done." If you operated outside of the system,
knowledge of it would be hazy at best, and any benefits would be superficial, accidental, or non-existent.

Political Scandal, in Illinois

Most Illinoisans knew that the majority of their elected officials would not be good candidates for Sainthood, but they had no idea to what extent they were corrupt. On a few occasions, a politician's magic ring of Gyges would fail and the average citizen would receive some inkling about the way politics was practiced in their state. At this time, some would demand reform, and in a very few cases, this would actually occur; but due to the frequency of scandals in Illinois, it was difficult to maintain interest in any one problem. Not only did these scandals come on a frequent and regular basis, but they also touched each of the three branches of government.

For example, the Legislature's most odious (and the ultimately most nationally important) scandal occurred in 1909 when bribery sent William E. Lorimer to the U. S. Senate. After two Senate subcommittee investigations, he was found guilty as charged and expelled (one year after this, in 1913, the Senate finally agreed to the 17th Constitutional Amendment which provided for direct election of Senators).²

More recently, it was discovered that a long-time General Assembly member and three times Speaker of the house, Paul Powell, was able to amass a three-million dollar fortune, that included race track stock and several shoe boxes stuffed full of $100 bills.³

The Judicial branch of government received its scandal in 1969 when Chief Justice of the Illinois Supreme Court, Roy Solfisburg and Justice
Ray I. Klingbiel were forced to resign under charges of stock improprieties. The Illinois Supreme Court appointed a special commission to investigate the charges, and found that the Chief Justice knowingly accepted a substantial gift of one hundred shares of Civic Center Bank stock, and Solfisburg bought stock in this institution at bargain prices, and then engaged in a "pattern of concealment" by putting it in a secret bank trust. The stock had been obtained from Theodore J. Isaacs, an organizer of the bank, and State Revenue Director under Otto Kerner. At the time of the transaction, the Supreme Court was considering a lower court decision to drop conflict of interest charges against Isaacs in connection with the sale of more than $1 million worth of envelopes to the state by a company in which he held a substantial interest.

The Executive branch has not been less corrupt. For example, Governor Len Small was forced to pay $650,000 back to the Illinois treasury that he had embezzled as Treasurer. Small had no difficulty raising this money, because he simply passed the cost along to his employees in the form of a payroll assessment, which was sometimes as high as 80% of their paycheck.

In 1941, two decades after the Small administration, Dwight H. Green was elected to two scandal ridden terms, but this did not come to light until after the Governor was defeated by Adlai Stevenson II. It was in 1949 that George Thiem, a reporter for the Chicago Daily News, found that Green had paid out over $413,000 in state payroll funds to downstate reporters and their families.
Even Stevenson, who had received a national reputation for improving the moral climate of Illinois, had his administration rocked when a tip from Michael J. Hewlett revealed that the superintendent of foods and dairies was allowing the sale of horsemeat as beef. Stevenson was also forced to dismiss his campaign manager and executive assistant for purchasing race track stock at bargain prices.

Otto Kerner almost lost his bid for a second term when Theodore Isaacs was revealed to be caught in a conflict of interests, which ultimately ended up in the Supreme Court. As mentioned above, it was later learned that Isaacs and Governor Kerner had profited from the purchase and resale of stock in one of the racetracks under state's regulation. For this transaction, Kerner and Isaacs were indicted for bribery, tax evasion, mail fraud and conspiracy. Both were convicted and sentenced to prison.

It has not only been the Governor who has involved himself in extra-legal activities. The Auditor of Public Accounts has also been a traditional benefactor of the public's misplaced trust. Before the 1970 Constitution abolished the position, the Auditor had the duty of chief state accountant, and was responsible for seeing that state's bills were paid. The Auditor would check to see if expenditures were legal, process the checks, and then mail them out. This position also required that the Auditor regulate the banks and lending institutions of the state. While holding this position, Oscar Nelson owned some bank stock, which was at the very least, a conflict of interests. Auditor Benjamin O. Cooper, who served from 1949 until 1943 received $200,000 in funds from closed banks to distribute to the appropriate individuals. A Cooper employee, J. W. F. Smith charged the state $173,369.85 to distribute the funds, which worked out to an average administrative cost of 53¢ a check above and beyond his regular salary.
Orville L. Hodge was also able to cash in on the lucrative office of the Auditor of Public Accounts, but unlike Cooper, was caught in the scandal that will go down in history bearing his name—the Hodge Scandal.

The Hodge Scandal—Introduction

The Hodge Scandal has generally centered on Orville Hodge's embezzlement of state funds through a phony check cashing scheme. In a very basic sense, Hodge would make out checks to himself, and then have them cashed by the President of the Southmoor Bank, Edward A. Hintz. Hintz would then deposit the money in the secret "Brown Envelope account" at the bank. Although this is the aspect of the scandal which has generally received the scholarly focus, it only represents about one-fourth of the misappropriated funds. Through other equally devious methods, Hodge was able to split Illinois' Budgetary Commission funds, which were earmarked for State House remodeling, between himself and William Lydon, a part-time interior decorator, and part-time Chicago police officer. The Auditor was also able to capitalize on what were, at that time, more common methods of misappropriating funds. For example, he provided his employees with salaries out of travel accounts, and paid some bills twice. He would then receive the proceeds from the second check. The major difference between Orville Hodge and most of his predecessors who indulged in similar practices, was the grand scale, which Hodge was able to carry out these practices.

Beyond the defalcations, Orville Hodge was found to be involved in practices which were unethical and immoral, which only served to heighten the case's sensation. Hodge had been involved socially, financially and politically with gamblers who were a part of the nationwide organized crime syndicate based in Chicago at that time.
When the Auditor was exposed, the news media revealed what it had known all along; that Orville Hodge had been involved in numerous extramarital affairs. In general, the press looked into virtually every aspect of Hodge's life, from birth until the time he resigned his position as Auditor. Although some of his dealings in politics and with the East St. Louis gamblers was kept away from the probing eye of the media, a great deal of his life has been laid open for political historians to gain some insight into Orville Hodge's life, public and private.

In addition to this, a look at the Hodge Scandal will give more than an intriguing story of a grand scale scandal, a politician who was tied to the syndicate, or a man who had an affinity for the gay life; it gives us some insight into a unique period in Illinois history. The Hodge Scandal was not unique because Orville Hodge passed out patronage, took kickbacks, and bilked the state treasury. The Hodge Scandal was not unique because Orville Hodge owed his political life to the syndicate in general, and Buster Wortman's gang in particular. And the Hodge Scandal is not unique because Orville Hodge had a taste for pretty women, expensive cars, several residences, and a thick log of $100 bills in his pocket.

The Hodge Scandal is unique because no one man in Hodge's position will ever be able to do what Hodge did to the degree he did it. Orville Hodge not only bilked the state treasury of between 1½ and 2½ million dollars, but he spent it like the money would be "declared illegal at sundown," as one newspaperman put it. Hodge's relation with gamblers was both covertly and overtly cordial. It was common knowledge that he was friendly with them because he bragged about it to newspapermen and politicians alike. Orville Hodge referred to himself as the "playboy auditor" and cultivated
this image. He was said to "know very little about what was important, and very much about what people liked to drink."

Immediately after the Scandal broke, three questions were raised: "How much money did the State lose?" "How can the State of Illinois get the money back?" and "How can this be prevented in the future?" All of the post-scandal inquiries were geared toward these three questions and, unfortunately, none have been answered adequately. The State has never been able to come up with a figure that it is certain is correct, because although the inquiries after the scandal were extensive, the Auditor never kept accurate books, and the participants worked fervently to cover up their role in it. Not only was the State unable to ascertain how much was embezzled, it could not know, and will never know because those who took the money, did not even know, and would never be willing to say if they did.

Those actors who have chosen not to speak have done so not out of fear of self-incrimination, but out of fear for their own life. The decision between explaining how much money was involved and where it went, vis-à-vis, holding one's tongue, is literally a "decision of life or death."

With no accurate picture of how much money was involved, it would be ludicrous to say the state got back all of the money. However, because it was politically unwise to say, "The State Auditor cleaned us, we don't know for how much, and you taxpayers will never again see your hard-earned tax dollars," the State has come up with a total figure. The final audit of Hodge's three and one-half years as Auditor revealed that Hodge had embezzled $1,024,679.32 in state warrants, and the misappropriations of liquidating funds of closed banks and savings associations was $546,685.77, for a total
of $1,571,364.59. The state sued for an additional $326,500 in secondary claims against Hodge and his business associates.  

The last of the three questions, "How can this be prevented in the future?" was answered to a degree. But because there has been no study of what circumstances in Illinois allowed Hodge to do the things he did, the answer to the "how" question has been left unanswered. 

There has been a study of the scandal which was conducted by Lloyd Morey, Albert E. Jenner and John S. Rendleman; however, the focus is entirely on the inadequacies of Illinois governmental structure. This was, of course, all the group could undertake in the time allotted. 

The most comprehensive source on the Hodge scandal was written by George Thiem, who uncovered the scandal. Although he consulted some other sources, for the most part he used newspaper articles, and thus, there are very little facts on what permitted this to occur and how Hodge fit into the political culture of the time.

Orville Hodge, the Man

It is incontrovertible that before Hodge's house of cards came tumbling down, he was one of the most popular men in Illinois. He was described by many as a hail-fellow well met. He spent freely to insure that everyone was enjoying themselves. Some referred to him as a "good-time Charlie" who was fondly remembered for his ability to recall what one was drinking, and quick to get another drink to refill an empty glass. Hodge was good looking and always well dressed in his $100 silk suits and diamond rings. He was said to have had a small fortune, not a large one, but at least a million, and he was "working on his second." Hodge did not suggest
that his was a Horatio Alger rags to riches story, but rather that he
inherited a fairly decent sum of money—at least several hundred thousand—and through his astute business sense, was able to make himself into a multi-
millionaire.

Hodge had an image that he desired, and when he saw a way to achieve
it, there was no conscience that could restrain him. Hodge himself admitted
that he was compelled to embezzle. He felt that he was temporarily insane—
not insane in the sense that he was not aware of what he was doing, but
insane in the sense that he was a psychopath. He was driven so hard by
his desire to be well liked that all other things—including moral judgment—
had become subjugated to it. His starved ego drove him to his excessive
check grabbing, and his desire to do a favor for anyone he could. Hodge
could give jobs no matter what party one was from, since his payroll seemed
to have infinite elasticity.

Even after Hodge was presented with the truth of his actions, he
would not accept the fact that he was a crook. A confession was slow in
coming, and when he did admit it, he blamed his actions on insanity. "I
didn't have to do this. I was well fixed," he told the Governor and
Attorney General at the time of his confession. This was, of course,
another falsehood. Hodge had built a myth of grand wealth which even he
himself believed. Since his release from prison, he will not admit that
what he did was wrong because he repaid the state everything he took (a
point that is still debated). What is now important to Orville Hodge is
that he has moved back to Granite City and is a successful real estate
agent.
Hodge's affable personality, good looks and the general belief that he was a millionaire, made him one of the most trusted, and best loved men in Illinois in the early to mid-1950s. Of course, Springfield insiders knew Hodge was not perfect, but he was probably one of the "cleanest" politicians to come through the city in a long time--so they thought. In 1956, Good Ole Orv, as he was affectionately called, appeared to be a shoo-in for a second term as Auditor. The only question in the minds of many Illinoisans was whether or not Orv would be elected Governor in 1960. Some people did not think Hodge was sharp enough to get elected to this post. But, then nobody thought he had it in him to steal between $1,500,000 and $2,500,000, and leave a trial so muddled that fourteen investigations and over twenty-five years later, it has not been possible to find out exactly how much he took or where it went.

Hodge built a myth of being a wealthy, naive country boy, insulated from the pernicious influence of the city. In fact, he was not very wealthy, and resided in Granite City, located in the shadow of St. Louis.

Hodge's political decisions were a product of his Granite City and Madison County environments. The decisions he made, including the one to embezzle a couple of million dollars, were in keeping with the moral (or more accurately immoral) climate that existed in Madison County in the 1930s, 40s, and 50s. Hodge used to say, "Where I come from gambling is legal." Of course gambling was not legal under the law in the Madison County area, but gambling in that area had de facto legality. In fact, the gamblers and politicians were mutually supportive. This type of political environment right in Hodge's backyard may tend to explain why he chose to
associate and receive political support from gamblers, which could have eventually provided the impetus for his 1'-2! million dollar defalcations.

Politicians and Gamblers In Madison County--1930 to 1956

Winning political acceptance in Madison County in the period from 1930 to 1956, was contingent upon pleasing the gangsters who operated in and around the St. Louis area. Without their support, no major political official would be able to retain office. Generally speaking, the hoodlums were satisfied when their gambling establishments would be left alone. This just meant controlling the local authorities, since the state police were not thought to have jurisdiction off of state roads. Governor Adlai Stevenson set precedent when he ordered his state police to conduct raids without the knowledge of the corrupt local officials.

In exchange for permitting the gaming houses to operate, the mobsters would insure reelection of those politicians who would prove helpful to their interests. Generally speaking this was achieved through supplying the candidates with inordinate sums of money. On some occasions, the gangsters would simply buy the election from the local officials.

It was revealed at the Kefauver Hearings that this very thing occurred in 1950 when the "chief operator of the 200 Club in Madison, who had for years been corruptly allied with the city officials, paid them a sum of money to secure the 'scratching' of the Democrat by traditional straight Democratic voters" to defeat to unfavorable politicians. The scheme cut the vote for these candidates in half in Madison County, which was enough for defeat.

Below the hoodlums in the political hierarchy, were the Democrats. Before the Democrats came to power, Madison County was marginally Republican.
A prominent political historian explained that this changed "after the turn of the century when the great bulk of the migration into the area was generally Democratic. These new voters as they became active members of the electorate, had already shaken the country national Republicanism by 1912. The Great Depression did the rest, and the county had been solidly Democratic ever since 1932." Once the Democrats had secured their position, they established autocratic political control in the county. This type of control was described by Daniel Elazar as being "the simplified form of 'boss rule,' where a single man--usually a professional politician--holds full power to decide what is done in the community, does it, and distributes rewards." He explained that this type of autocracy is "analogous to classic dictatorship." This control even included control of the Republicans who would have to receive support from the Democrats in order to achieve public office. "Nobody succeeds down there (in Madison County) without Democratic approval," stated retired newsman, Tom Littlewood. For a Republican to put together a winning coalition, he would have to achieve gangster and Democratic support. Hodge was a Republican. He succeeded because he drew his support "not only from Republicans, but from elements in the Democratic party with the backing of gamblers on the (St. Louis) East Side and in Southern Illinois.”

The marriage between gamblers and politicians in Madison County was celebrating the anniversary of two amorous decades when Senator Estes Kefauver moved his Special Committee on Organized Crime in Interstate Commerce into Illinois. Although this investigation did not stop what was going on, it did serve to illustrate to the entire nation this incredible partnership occurring right on Hodge's home turf. Very little written
information documents this relationship, but the committee did receive some insight into the situation. Granite City resident, James O. Monroe, explained that after the residents of Madison County would no longer tolerate the slot machines in public places, politicians in that area would "feel compelled to make pledges against them." He continued:

... But other forms of gambling have grown, fairly "protected" by public officials. The Democratic Party, having become well entrenched in the county, it usually has had the major support of the gamblers, though some have gone the other way, and some have played safe by contributing to both parties.17

These contributions were large, and this prompted office seekers and incumbents to spend extravagant sums to get elected or reelected. For example, in the 1950 primary campaign for county sheriff, the candidates spent about $50,000 each for a job that paid only $4,000 for each year of a four-year nonrenewable term. Since neither Republicans nor Democrats wanted to destroy this lucrative venture, the two parties worked together to insure its preservation.

Governor Adlai Stevenson II, testifying at the Kefauver hearings, described the manner in which the two parties cooperated to insure the survival of gambling in downstate Illinois. He stated that:

... one party elects the sheriff and the other party the State's attorney, and then when the people complain about non-law enforcement, they pass the buck back and forth and put the people in a sort of cross rut between the two parties, each one disclaiming any responsibility for it and blaming the other. Then in the next election they will reverse the tables, and a Democrat will become State's attorney and a Republican sheriff, and vice versa.18

The prevailing attitude in this area was expressed by the Sheriff when he said, "If the Mayor and the Chief of Police and the citizens... [in the cities] were satisfied with it, it suited me."19
When Governor Stevenson began to crack down on the gambling situation, his sentiment was somewhat different. After negotiating unsuccessfully with local officials, he ordered raids on what he termed "those two large notorious handbooks, the Hyde Park and Log Club."

Any apparent attempt to suppress gambling in Madison County by the local officials was actually just a means of raising revenue. The mutually beneficial system was developed in 1945 by the State's Attorney of Madison County. He would file information against the gaming houses about four times a year, the defendants would plead guilty, and pay a fine.

The fines were based somewhat on "ability to pay," expressed in the information as a varying number of "counts," each count representing one day's operation of the joint. The system within three years brought around $100,000 into the books, dice games, bingo games, and punch card distributors. It was, in effect, a form of licensing, under which the game keepers were fairly happy and I think prosperous.

Even the bench would not work zealously to stamp out this institution. For example, when the State brought charges against the Hyde Park Club as a result of the raids ordered by Stevenson, the judge ruled that the State Police had no jurisdiction off of the highways. Therefore, the State was required to return the money and equipment to its owners.

Although the slot machine gambling in public places had pretty well ceased by the late thirties, open bookmaking grew up in its place. At this time, the major wire service, which provided the racing news for the Granite City area was the Pioneer News Co. This was under the sole ownership of Paul "Bev" or "Pop" Brown and Clarence L. "Gully" Owen, but in the early forties, this operation was upset by a new gangster arriving on the scene--Frank "Buster" Wortman. Wortman had his beginnings in crime as a henchman for
the Shelton gang who had run everything illegal south of LaSalle in Illinois.

In mid-1934 Wortman received a ten-year sentence for assaulting a prohibition agent. Going to Leavenworth penitentiary must have been like going home for Wortman. When he arrived, he found Frank "Cotton" Eppelsheimer, Louis "Red" Smith and Dave "Chippy" Robinson, all gangster friends serving a 25-year sentence for robbing a mail truck on June 15, 1923. While they were locked away, the four made plans.²²

By 1944 the group was out, and ready to go after the Sheltons'. Eppelsheimer died August 3, 1948, but the others made a deal with the reorganized crime syndicate then headed by Tony Accardo, about 1945. The deal gave Wortman and his gang control of the southern Illinois territory in exchange for "running the Shelton brothers out of the state."²³ This time Wortman was in a position to take over the gambling in Illinois because the Sheltons' never tied into the nation-wide crime syndicate and the new head of the Capone mob, Accardo, agreed to go along with Wortman's proposal. "If Wortman could push the new Chicago wire service through southern Illinois, and he could chase the Shelton gang out, he was to be boss in southern Illinois."²⁴ Wortman's faction cooperated with the St. Louis Egan gang to push out the Sheltons'. Wortman and his followers killed Carl, Bernie, and Roy, and tried several times unsuccessfully to assassinate "Little Earl" Shelton.²⁵

After intense pressure, Brown quit his job with the Pioneer News Service and went to work for Wortman's Reliable News Service in Fairmont, Illinois. When "Bev" Brown returned to Pioneer News Service sometime later, it was assumed that the Chicago mob had taken over, and thus, shortly thereafter, the Reliable News Service folded.
The Kefauver Committee concluded, "By February 1945, the territory of the new gang headed by Frank (Buster) Wortman and Elmer Dowling extended from Peoria, Ill. on the north, to Evansville, Ind. on the east, to Paducah, Ky., on the south." Any gambling, vice operations or labor racketeering that went on did so with the knowledge and consent of Wortman himself. Wortman kept an iron grasp on his territory.

In order for these wire services to stay in business, they needed people willing to gamble away from the race track. In Granite City this could be done at the Edison Cigar Store, operated by Lester Fehling, or the Rex Cigar Store, operated by Isaiah Hughes, The 538 Madison, operated by Leo Voght with Ben Oonk as a silent partner, and The 1833 State, which was operated by Clara Barnholtz-Marmor. Under Mayor Charles Moerlein these establishments operated by paying him $100 a week.

When the Chicago syndicate took control of the wire services in early 1947, the Granite City Chief of Police ordered the bookmaking operations closed. This was done because he did not like the influence of the syndicate, although he let these establishments operate when they were locally operated. In order for them to reopen, Pioneer demanded that clearance be given by somebody in the community. That could be the mayor, the chief of police, commissioner, board member or alderman, who was so designated. Several Granite Citians had approached the Chief of Police on this issue and would ask if he would give them his O.K. so that they could receive the wire service. He responded, "Well, I am not in that category. Somebody else will have to do it for you." Mayor Leonard R. Davis was that somebody.
In the Spring of 1949, Davis was elected mayor of Granite City on a platform to do something about the gambling. The exact opposite was the case. In June 1949, the Mayor went to Police Chief Burnett and said, "I have to let the handbooks operate to get harmony in my council." Burnett assumed that he meant that he needed the extra income derived from taking gambling payoffs, so that he could in turn pay off the city council. Chief of Police Gene Burnett responded that he would not allow this since Wortman, Dowling and the Chicago syndicate were controlling these operations; and the mayor responded by saying, "If you can show me where they have control over me, we will not . . . we will not stand for them." In October of 1949, the Mayor allowed Lester Fahling and Isaiah Hughes to reopen because they were "local people." The other two were not locals and so the mayor did not back them, but they did not appreciate this arrangement, and began to "squawk" about it. A witness testified that while he was in the mayor's office, "I heard the girl say, 'They are on the line.'" The mayor picked up the phone and said, 'Those places are O.K.'" Shortly thereafter, the other two handbook operations reopened and the Mayor was able to retain his post.

Conclusion

For Orville Hodge to remain in office, it would be necessary for him to support these gamblers and their activities as the Granite City Mayor and City Council did. It is not known what role Hodge played in Granite City politics at this time, but it can be inferred that he was supported by the Republicans, also. This can be assumed because for him to succeed as a Democrat, the minority party, he would need this. Once he was financed
by the gamblers, and given political acceptance by the Republicans, elections under the cumulative voting system became a pro forma affair for Hodge.

His career was launched under this prevailing morality, and he continued to display it throughout his career. This morality is so ingrained in Hodge that even to this day, he does not accept that what he did was wrong.32
CHAPTER 1 NOTES


9 Thiem did not footnote his book. It is obvious that at times he simply extracted portions of his own newspaper articles and the articles of others and placed them into his book. For an example of this, see Gladys Erickson's article, "Never Neglected Wife: Mrs. Hodge," Chicago American, 21 January 1957, and pages 186-87 of Thiem's book.

10 Telephone interview with Orville Hodge, 1980.

11 Interview with Tom Littlewood, University of Illinois, Urbana, Illinois, 8 March 1983.


14 Ibid.
Interview with Tom Littlewood.


Ibid., p. 1015.

Ibid., p. 729.

Ibid., p. 213.

Ibid.


"Wortman Head of Mob Forged in U. S. Prison," Chicago Tribune, 24 July 1956, p. 3.


Wire services without names were referred to by their addresses.

It was not clear whether it is $100 from all four establishments, or $100 from each of the four establishments. The money would get into the hands of the mayor by way of former Granite City Mayor R. E. Roberts, who was Moerlin's campaign manager and right hand man. Burnett stated that Roberts . . . was a payroll entry on the Edison Cigar Store at $100 a week. He never got any near that place other than to go around once a week and stop in and say hello. At other times the money would just be placed in a brown envelope and dropped on the mayor's desk by Ben Oonk. U. S., Congress, Senate, Investigation of Organized Crime in Interstate Commerce, Hearings before the Special Committee to Investigate Organized Crime in Interstate Commerce, p. 77.

Ibid., p. 740.
30 Ibid., p. 76.

31 Ibid., p. 71.

32 Telephone interview with Orville Hodge.
CHAPTER 2

THE PUBLIC AND PRIVATE LIFE OF AN ILLINOIS POLITICIAN

I think Hodge had a complex. I think Hodge, who started out long before he ever was a member of the State Legislature, sometime in the early 40s, I think—I've forgotten just when—was being the big shot around Granite City, in the little environment down there. He talked about it. People believed in him. He seemed to be in a successful insurance business, have an interest in the bank, and a security and real business. When he got into the legislature he followed the same pattern that he had been in the habit of following prior to being first in politics, in state politics. He always picked up the tab, if there was a meal, or at the bar, slapped you on the back—glad to see you—courteous and well dressed, popular. It went on with increasing magnification after he got in the legislature and almost exploded when he became auditor.

In 1904, Orville E. Hodge was born in Anderson, Indiana. About fifty years later, in 1955, he was voted the "Man of the Year." In 1956 Orville Hodge was sent to Menard State Prison. This miraculous rise and fall of Orville Hodge illustrates how swiftly an Illinois politician could rise to prominence, and how quickly the same politician could then fall. Not only did Orville Hodge rise to one of the highest elected posts in the state of Illinois, but he did it with very little innate intelligence. As a youth, he was undistinguished academically, but he received high marks as a "mixer" at parties.

This popularity was very important to Orville Hodge. So important that he was willing to risk defaming himself to live up to an image that he felt would assure popularity. Hodge reasoned that by providing material gifts to his acquaintances, he would necessarily be popular. He probably received this thinking from his parents who were quick to pass out gifts.
to neighborhood children. The major difference between Hodge and his models is that his parents did not blur the distinctions between malevolence and benevolence, and ends and means. Hodge on the other hand, did not realize that if the means of obtaining something were malevolent, no matter how benevolent the cause, the end would still be malevolent.

As a young man, Hodge led a very quiet, simple life, and purchased simple gifts. However, even during this early period, Hodge exhibited vestiges of "Bad Ole Orv." His desire to be popular was obvious, and he had already been associated with gamblers. This first half of his dichotomous life, was in sharp contrast to the manner in which he was altered after reaching the General Assembly. At this time, his focus on material things in life became as pronounced as his need to be the "big man." He did not just present his wife with simple unusual gifts, but bought her minks, expensive jewelry and cars.

Hodge's desire to be popular with the ladies led him through one extramarital affair after another. Shortly after he became Auditor, his interior decorator and friend, William Lydon, introduced him to Bonita Lillie. It was with this woman that Orville spent much of his time and money.

This ostentatious display serves to highlight Hodge's perverse method of looking at money. He spent it like it was valueless, but he was obsessed with having it. Once he started taking it, he could not stop, yet some psychologists felt that he subconsciously wanted to be stopped. Nevertheless, Orville Hodge enjoyed his role as a "playboy."

In 1952 Orville was elected as Auditor of Public Accounts and became the "playboy auditor," with the only appreciable difference being the degree to which he "played." As a legislator, Hodge did not have the
funds available to live the type of life he desired. Therefore, he was restrained to conspicuous consumption of those things which were most visible—expensive suits, grand parties, and excessive check grabbing.

When he was elected Auditor, Hodge just "exploded" and was able to maintain two planes, five cars, two houses, a hotel and rent suites in two hotels. While his parties were getting bigger and his check grabbing increased, the residents of Granite City knew one Orville and one Orville only—the one who left their city in 1952.

Hodge the Youth

In 1891, Griffith Hodge emigrated from his Welsh homeland to Anderson, Indiana, where he met and married Elizabeth H. Llewellyn. Griffith worked in a steel mill in that city until 1908, when a labor strike forced it to close. In response to this, Griffith moved his wife and three children, Clifford, Besi, and Orville, who was the youngest at four years old, to Granite City. At this time, Granite City was a small industrial town located on the eastern bank of the Mississippi, just a few miles from St. Louis.

As a resident of Granite City, Griffith was one of the "best-loved men." Although he never entered politics, he served for 25 years as a member of the park board. Griffith’s wife was equally well thought of by long-time Granite Citian, Leon Hopkins. He described them thus:

You get an idea what sort of parents Orvie [Hodge] had when I tell you that all the kids in our gang called them uncle and aunt. Aunt Betty kept a cookie jar on the kitchen table. It was always filled. The back door was never locked. Every kid had a standing invitation to come in without knocking and help himself to the cookie jar.
Young Orville's tenure in the Granite City public schools was lackluster. He attended McKinley Elementary School and later Granite City Community High School. While in high school he demonstrated his flair for making friends; however, none remembered him as an outstanding student academically. His former principal said, "Orville was very personable, very likable. He was an average student. I remember him mostly because he was so active in sports and extracurricular affairs." Despite his athletic efforts, he was said to be a better "mixer" than he was an athlete.

Although Orville was not remembered for being an academically exceptional student at the Granite City High School, many did remember that he had dated Margaret Dell Coudy. During this period Margaret was "Orvis girl" and Orville was "Margaret's fellow." She was the daughter of a well-to-do lumberman, which put her a notch above Hodge in the small town social scale. Despite this, Hodge had no trouble gaining acceptance in Margaret's social strata.

While in high school, Orville worked in Margaret's father's lumberyard in addition to laboring in the Granite City Steel Company. He continued to work here during the summers while he attended Washington University in nearby St. Louis. Upon graduation, Orville enrolled in night school at the Benton School of Law. Although Orville spent two years at Benton, he never practiced. The Illinois Blue Book 1954-56 stated that he had "practiced law before the Missouri bar." Orville admitted that this was false under oath before the Senate Committee on Banking and Currency. While Orville was studying law, Margaret was studying in the College of Liberal Arts and Sciences at the University of Illinois in Champaign.
have been out of sight, but she was not out of Orville's mind, for his devotion led him to send her candy and tea cakes every week from a St. Louis bakery.  

Hodge's Life in Granite City

On March 18, 1926, one month after her father's death, Margaret Coudy married Orville Hodge. As newlyweds, the two lived with the recently widowed Margaret J. Coudy in her Twenty-third Street home in Granite City. Later they moved into an apartment until Margaret's sister moved to New Jersey, at which time they moved into her home. This house was located in the swankiest part of Granite City, at 27th Street and Cleveland Boulevard, overlooking Wilson Park. Although this is the finest part of Granite City, the Hodge home was not the grandest, and realtors priced it between $25,000 and $30,000 in 1956. It was in this house that the Hodge's only child, William, was born on February 4, 1934.

Hodge was very thoughtful when it came to his family. He would often bring little gifts to William. "Even when our Bill was a little tyke, Orville loved bringing home toys to surprise him." He bought things for his wife as well. In a 1957 interview she said, "... Orville had excellent taste. He loved shopping and had a talent for selecting unusual things."

As a young couple, the Hodge's would drive to St. Louis two or three times a week for dinner and dancing at the Park Plaza and Chase Hotels. Hodge admitted under oath that he and his wife would also frequent
Thomas J. Berry's Club Royale, which was known for its gambling.\textsuperscript{15} "They went to movies, civic events, and with a group of eight neighborhood couples, shared picnic and buffet suppers at each other's homes."\textsuperscript{16}

By the time he was Auditor, he had memberships at Chicago's Illinois Athletic Club, Union League Club and North Shore Club, and the Missouri Athletic Club in St. Louis. He played golf as well. Ultimately he became a member of three first class downstate country clubs, the St. Clair Country Club in Belleville, the Sunset Country Club in Edwardsville, and the Oakcrest Country Club in Springfield; and one in Chicago, the South Shore Country Club. He had also played golf at the exclusive Washington, D. C. Burning Tree Country Club, which was one of President Eisenhower's favorite courses.\textsuperscript{17}

Orville Hodge's personality was such that he could not help but be one of Granite City's most beloved citizens. It was during this period that Hodge was ribbed by the home-town folks about his lavish hand at the soda fountain. When the youngsters saw the jovial Hodge saunter into the ice cream parlor, they would look at him with great expectation, for he would often order the second round of sodas for them and pick up the tab. Watching Hodge fuss over the ice-cream devotees like a mother hen, other men would chuckle and say, "Orvie's priming them for the day when they'll be old enough to vote."\textsuperscript{18}

Hodge's affable personality and boyish charm made him a favorite with the adults as well. For example, in 1954, he was director of a very successful fund drive for the Community Chest. "He sure talked everybody into reaching for their wallet," said one resident. The campaign raised
$75,000 that year to top the announced goal, an achievement never attained before, and not equaled again for six years.19

Outgoing Orville had memberships in the Amalgamated Association of Iron and Tinworkers, Illinois Agricultural Association, Masons, Shrine, Elks, Moose, Eagles, and was the director of the Granite City Chamber of Commerce.20 The church was very important to the Hodge's and in the early days, they would rarely miss a Sunday at the First Presbyterian Church.

Hodge's Life in Springfield

During the period before his move to the legislature, Hodge lived like a "well-to-do man." He talked about his future, he talked about his money; but he did not spend it like he had a printing press in his basement. This changed in 1946, when he was elected to the General Assembly, because from this point on, he spent money like he did have a mint at his disposal.

One aspect of this metamorphosis was the manner in which Hodge shifted from purchasing his wife nice little gifts to expensive jewelry and furs. He began this practice while he was in the Legislature, but Hodge was able to purchase more expensive gifts after he had moved into the Auditor's office. This was made possible because all he had to do was pay the bills with forged state warrants. For example, the dutiful husband used state funds to purchase a $336.60 diamond watch on April 21, 1954, and a $550.00 strand of pearls with an accompanying pearl and gold earring set valued at $175.00 on the 23rd of December of that same year.21

In September of 1955, Orville and Margaret Hodge went to a shop at 209 South State Street in Chicago and purchased a mink stole with the taxpayer's money. Mrs. Hodge described the excursion:
Orville and I went to the shop where I traded in a very old silver blue mink for the cape (purchased with state funds). The balance of this trade-in was $1,100. I left my old brown mink coat, which was terribly outdated— I had bought it maybe 10 or 12 years ago—to be restyled and repaired.22

These gifts may have been given to prevent Margaret from asking too many questions about the various women who came in and out of his life. It was well known that Hodge had a proclivity for calling good looking girls to grace his parties, and that his wife did not care since she knew that her husband had to entertain a great many people including women.23

A number of Springfield politicians, government employees and newspapermen knew that Hodge was a "ladies man" who "wanted them young," as Cleo English, a voucher and warrant clerk who had worked in the Auditor's office for twenty-three years prior to Hodge's election, described him.24 She went on to say, "I've known him for sixteen years and often saw him in night clubs and taverns in Springfield with different girls. He took them everywhere, to some of the best eating places."25 He was frequently seen with his receptionist, Dorothy Coffman, and it was common knowledge that he would make frequent trips to Chicago with his secretary, Mildred Dressendorfer, with whom he maintained a joint bank account.26 Hodge carried on with the "plump blond who sashayed around the Mill Tavern and the Lake Club with Orville,"27 and brunette Vivian Lane, who was on the Auditor's payroll and the sister of Hodge's personnel chief, Lloyd Lane.28 William D. Lydon explained that with women, "Hodge wanted to be head man all the time; any female he was interested in I stayed away from because I knew his character. If he thought you were going to move in, he could be very vicious.29
Some of Hodge's girl friends would become irritated at Hodge's antics. For example, one of his acquaintances walked out on his party at Springfield's Lake Club when Hodge shouted because tables for sixty people were not ready when he arrived. This did not bother Hodge. He moved the party to another night spot, and a new girl soon joined him.30

When Hodge was elected Auditor, he settled down to one extramarital affair. That one girl was Bonita (sometimes spelled Buneta) Lillie. When Lillie asked if he was married, Hodge explained how his wife had been living in Florida and "he was just a man living alone trying to make his way with no one by his side."31 She was not breaking up his family because there was no family to break up.

Margaret Hodge was not the only benefactor of Hodge's proclivity for purchasing expensive gifts for his women. Bonita Lillie received a diamond circlet brooch for Christmas 1955, and a $6,737 Eldorado Cadillac the following year.32 Neither Mrs. Hodge nor Miss Lillie admitted receiving several gifts, which may suggest that Hodge was casually dating some other women. For example, he took a pearl necklace to a jeweler on Chicago's State Street and requested that it be made into a bracelet "with hearts and crests of pearls." He also purchased a $672 necklace and a $812.80 diamond ladies wrist watch on December 6, 1952, and a four-piece luggage set, and costume jewelry costing $302.44 bought on May 24, 1954. None of these items were received by Hodge's wife either.33

"Perhaps in a superficial way he [Hodge] created an atmosphere of a man of very considerable and liquid resources."34 He traveled around the state in one of two planes, a five-passenger Cesna 310, worth $60,000, and a Beachcraft Bonanza, worth $23,500.35 At the time the defalcations
were revealed, Hodge owned five cars and had bought one for his sister, and another for his wife. Orville Hodge needed these vehicles to travel between his homes in Granite City and Springfield. Additionally, he had hotel suites in Chicago at the Drake Hotel and in Springfield's St. Nicholas Hotel.

Hodge's Rise in Income

When he initially moved into these hotels, Hodge had modest rooms, but as time went along he gradually moved up until he acquired a $700 a month suite. Hodge would purchase other things which he had little or no use for. For example, in addition to the boat he bought from his gambling friend, Barry, for the Lake Springfield home, Hodge owned another boat in Florida which he rarely used. This disuse, combined with poor upkeep, ran the boat down to the point that when Hodge tried to sell it for a mere $3,000, a sailor who frequented the Ft. Lauderdale marina where the boat was kept, felt it would only bring half as much.

Hodge enjoyed his image as a millionaire and worked to uphold it by purchasing $100 suits. Hodge's tailor recalled that his fastidiousness in choice of suits, "... was matched only by his liberality in purchases. He usually bought a half dozen suits at a call, peeling $100 bills from his thick roll."

When Hodge was asked where he spent the money he stole, he responded, "I have always been a good entertainer. People like to call me the playboy auditor. I enjoyed being a sport."

Indeed he did. Hodge was not just a person who could keep the party rolling, he was also one who "knew
how to throw a top notch bash." He would have shrimp flown in from the Gulf of Mexico and the best steaks in Chicago and Kansas City.

A common diversion for Hodge was to take a group of gentlemen down to Southern Illinois hunting. One such individual was Edward A. Hintz, whom Hodge had met at his 1952 inaugural. The two developed quite a cordial relationship. Hodge explained the reason for Hintz's attraction: "He liked to shoot with me at my place on the Illinois River. He was a sportsman and he enjoyed being with a sportsman." Hintz made two hunting trips with Hodge, once for pheasants and another times for ducks. At the Fulbright Senate investigation, it was revealed that on these excursions, Hodge would invite eight or nine "outstanding baseball players from both the National and American Leagues" to accompany them. On several occasions, Hintz took the Hodge's to dinner at one of the Chicago clubs he belongs to, such as the Illinois Athletic Club. He had also taken Margaret Hodge golfing at the South Shore Country Club in Chicago.

Orville Hodge might have been the "playboy auditor" in Springfield and Chicago, but in Granite City he was still "good ole Orv." Judge Lueders, Hodge's next door neighbor who typified most Granite Citians, did not know he owned the home on Lake Springfield, kept expensive suites at the Drake and St. Nicholas hotels, and that he was known as a good time Charlie in the State's largest city and its capital.

There were few times that Hodge went back to his home town, but on April 23, 1953, he went gladly. On this date he was honored by the Tri-Cities' Chamber of Commerce. He brought with him Governor Stratton, Lt. Governor John W. Chapman, Attorney General Latham Castle, and Secretary of State Charles F. Carpentier.
On January 24, 1955, Orville again returned to receive the sixth annual Associated Retailers' Civic Achievement Award. In the quad cities—Granite City, Madison, Venice, and Mitchell—the prize is referred to as the "Man of the Year" award. The award was presented in the largest dining hall in Granite City—the high school cafeteria. "Many of Hodge's fellow members in Gov. Stratton's cabinet were present. The governor had sent his regrets. He was attending the funeral of an aunt. Former Gov. Dwight H. Green was the principal speaker. He lauded Hodge as a 'man of great ingenuity, a versatile young man with great capacity.'"\textsuperscript{44} The inscription on the large gold cup read in part:

> Even tho (sic) State Auditor Hodge has been accorded great honors, he has always maintained his sense of perspective, and his modesty, and his graciousness . . .

> Perhaps more than any other individual, he has brought honor and distinction to the "quad cities" . . .

Hodge answered as befitted a great man. "I thank you for this great honor," he said. "I'll always be your humble servant, and I rededicate myself to making our community a better place to live."\textsuperscript{45}

Dr. Ralph Lynn, minister at the church which the Hodge family attended, had nothing but praise for Hodge. He said that he was a "man of good habits, sound character, and endowed with qualities of real leadership." He added, "He has performed hundreds of unselfish services for the community. That was one of the reasons why we didn't hesitate to name him 'Man of the Year' two years ago. The committee reached the decision unanimously."\textsuperscript{46}

The Psychology of Orville Hodge

"I think the fella had a money complex. I think that he was an ego maniac on account of it," said Hodge's lawyer, Arthur Fitzgerald. The
psychologist concurred, saying that Hodge had a starved ego which manifested itself in monogrammed shirts, a gadget-filled home, his habit of picking up food and bar bills, and delight in knowing celebrities. He speculated that Hodge knew all along that he would be caught, and his speeches calling for honesty in government were "a way of confessing" his guilt. They added that Hodge would have done a better job of covering his tracks if it had not been for his suppressed urge to get caught.

Hodge was a habitual bragger. He would brag to anyone about anything if he thought that it would improve his image as a popular millionaire. At one time, Hodge casually met Sol Hogan, owner of the studio apartments in which Miss Lillie lived. In the course of the conversation, Hodge stated out of the blue that he was there because he was thinking about building some studio apartments, and then boasted, "I have plenty of money to finance the deal."

At times Hodge's bragging about money would chafe his fellow politicians. Tribune reporter Johnson Kanady related an incident which gives credence to this. He recalled:

In the executive mansion, Hodge let his bragging get out of hand, with assertions of his wealth and his ability to "buy out" any financial interests, property, or other resources that any of the other elected officers had. They believed it, but were annoyed by his talk.

The next day Hodge sought out those he had offended saying in apology, 'Actually, I don't know whether I have a million or owe a million.'

Conclusion

There are two questions that should have been answered by looking at Hodge's background. First, what type of attributes, beliefs and background were necessary to succeed politically in a downstate Illinois district
initially, and statewide office ultimately? As it was shown, Hodge was not exceptionally intelligent as a youth, was not from an affluent family, and did not put in a long career as a civil servant before running for high office. He did have a "silver tongue," and it was this attribute which he was able to parlay into the fields of business and politics in order to succeed. Hodge charmed the Granite Citians out of their money as a businessman and their votes as a politician. When he got to the General Assembly, and then ran for statewide office, it was again his charm which propelled him on. Therefore, the above question can be answered in this way. To be elected during this time period and in Madison County, one had to be either well trained or have the capacity to be a politician; that is, someone with the ability to talk charmingly enough to win votes. Hodge was elected and returned to office because he was thought to be a nice guy, not because he was an effective legislator.

The second question that can be answered from a review of Hodge's domestic and social life is in what way, if any does becoming elected to political office affect one's lifestyle, moral convictions, and ethical standards?" In other words, did political office pervert "Good Ole Orv" or was there something in Orv's personality or experiences to suggest that he may have been "Bad Ole Orv" all along?

Ever since Sigmund Freud introduced the idea that the parental-child relationship will affect a child's entire life, it has been necessary to give at least a cursory look at the parents of an individual to understand the reason for his behavior. Orville Hodge apparently was not abused, nor was he in want for affection, which could have compelled him to spend his life trying to get the affection that he did not receive as a child.
However, his parents were apparently very important role models. They were well thought of in the community, very friendly, and by passing cookies to neighborhood children, illustrated how to be well liked. Orville did the same thing, but on a much larger scale. He was not just well liked in the community, but in the state as a whole, and he did not just leave the cookie jar open, but the entire Illinois treasury was particularly open if you were Orville's friend.

Prior to going to work "for the people," Hodge did not spend as lavishly as later, so it might be argued that it was the political environment in Springfield which corrupted Hodge. However, his actions there were merely the manifestations of his latent desire to be the "big man." This is apparent when one recalls that Hodge had a "heavy hand at the soda fountain." It can be argued that when Hodge moved into the "big pond" his previous inclinations became intensified under the influence of the General Assembly and State House morality.

Orville Hodge's political socialization was as important to the way he operated as his background, and possibly more so. Buying a round of sodas constituted extravagance in Granite City, but to be an operator in Springfield, Hodge had to do more than buy sodas for the legislators. It may be assumed that since he grew up in the environment of Madison County politics, he would reflect the "way things were done down there" at a very early stage of his political career.
CHAPTER 2 NOTES

Arthur M. Fitzgerald was Hodge's defense attorney who was described by Miller Davis of the Daily News as a "character spelled with a capital 'G'." He defended forty persons accused of murder over the course of his 52 years as a defense attorney and never lost a case. Chicago television news reporter and commentator, Len O'Connor, on his July 16, 1957 "News on the Spot" program, said that Fitzgerald "numbered among a handful of incredibly interesting people, among the hundred and hundreds" he had met. Len O'Connor, "News on the Spot," 16 July 1957, from Chicago Historical Society tapes.

Orville E. Hodge, who was born on the first day of October 1904, spent his entire life trying to be something he was not. For example, the 1949-50 Illinois Blue Book lists his birth place as Granite City, Illinois, contrary to what his birth certificate states. Also, Hodge's marriage certificate reveals that the E. stands for "Earl" and not as "Enoch" which was the name Hodge used. As isolated incidents these two discrepancies are insignificant; however, this is just one form in which Hodge's affectation manifests itself.


Jack McPhaul, "Fast Man with Tab."


13 Gladys Erickson, p. 2.

14 Ibid.


16 Gladys Erickson, p. 2.

17 Jack McPhaul, "Fast Man with Tab;" George Thiem, p. 23.

18 Jack McPhaul, "Fast Man with Tab."


22 Ibid.


26 "Where Are Girls in Orville's Life?" 1 August 1956, p. 3; George Thiem, pp. 191-92.

27 "Where Are Girls in Orville's Life?" p. 3.

28 Interview with William Day; George Thiem, p. 207.


30 George Thiem, p. 188.


33. Gladys Erickson, "Mrs. Hodge's Story of 'Lost Gems' Gifts."


36. Hodge's Drake Hotel Room and "Incidentals" Bill - 1953-1956

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<tr>
<th>Rent/Month</th>
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<td>February 10, 1953-January 15, 1954</td>
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<td>11.2</td>
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<tr>
<td>January 16, 1954-September 1, 1955</td>
<td>625</td>
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<td>700</td>
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<td>June 25, 1956-July 17, 1956</td>
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Total: $25,089.27*

*In addition to the room bill, there was a $10,040.55 bill for "incidentals" which were such things as valet service, television rental in 1953-56, beauty salon, and drug store charges. In addition to this, Hodge was billed $31.45 for mirrors and $193 for lamps in 1955, and $378.55 for loop department store purchases in 1956. The entire $35,133.43 was paid in cash by Hodge. There is a $3.61 rounding error. Chicago Tribune, 17 July 1956.


39. Johnson Kanady, "Orville Hodge's Own Story."

40. Ibid.


42. Gladys Erickson, "Mrs. Hodge's Story of 'Lost Gems' Gifts."


48 "Where Are Girls in Orville's Life?" p. 3.

49 "Editor's Round Table or Strange Case of Orville Hodge," Chicago Tribune, 5 August 1956, pp. 12-13.
CHAPTER 3

HODGE, POLITICS, BUSINESS DEALS AND GAMBLERS

Hodge was a funny one. He was a big time operator in places where he was not known, but apparently a good solid citizen at home. People down here didn't really know Orville . . . That is, most of them didn't. The few that did paid no attention to him.

This situation meant that he would never be able to bring in large pluralities, but on the other hand, he was always secure in his election contests. As a legislator, he was virtually insured election due to the cumulative voting system which was in place in Illinois at that time. Since this was the case, he did not have to emphasize making campaign speeches, which he was not very good at, and instead could concentrate on projecting his affable personality. Hodge's personality came across despite a poor speaking ability, and since the Madison county residents cared very little about what he said, or how he said it, he was reelected to the General Assembly four times.

His bid for Auditor of Public Accounts could have been more difficult, but in the primary he was pitted against six other Republican contenders, and thus he prevailed in a badly divided field. Hodge did not change his style much for this race, and continued to come across as the small town, hard working millionaire who was involved in politics as a diversion from the normal routine of making money hand over fist.

Hodge did not make money hand over fist, and thus enlisted the aid of members of Chicago's West Side bloc (which was said to be the
political arm of the syndicate) and the gamblers in the St. Louis area to help win an election which some felt was bought.

Actually, Hodge was not very good at making money (at least money which was legal) and he therefore had to rely on outside financial support for his campaigns and lifestyle. He received this financial support from his friends and business partners, who were members of the syndicate, and thus these gamblers had inordinate influence over Orville Hodge in the General Assembly and Auditor's office. Since a great deal of his decisions were dictated by his ties to the gambling community throughout his political career, Hodge did not alter his method of operating to any great extent between the time he was a legislator and Auditor. During both periods, he did very little substantive work, and a great deal of behind the scenes dealing. He operated behind the scenes, because when a politician has a constituency of gamblers, he generally does not wish to have a written record of his dealings. Not only did Orville E. Hodge serve the East St. Louis gamblers' interests, but he was also fond of the diversion himself. He, therefore, condoned the manner in which gambling could be undertaken under the auspices of the elected officials, and even went so far as to say, "Where I come from, gambling is legal."

Looking at Orville Hodge's stance on gambling, and the manner in which he worked to let the gamblers operate unmolested, may give some insight into why he eventually misappropriated $2 million from the State of Illinois. It has been suggested that Hodge needed the money to repay gamblers who gave him a sizable campaign contribution. Robert M. Yoder, in his
series which appeared in the Saturday Evening Post in May 1957, discounts this theory. He states:

Running mates recall that he had more money to spend than any other candidate. This is the origin of the theory that he was financed by gamblers with $200,000, the amount he says he spent to get them the green light for wide open gambling. The rest of the theory is that he stole later on, under pressure to pay back the $200,000. The idea is romantic, but open to serious doubt. It's not sure that Hodge spent anything like $200,000 and gamblers are hardly so stupid as to think that the Auditor of Public Accounts would have the say on gambling. In any event, you don't need $2,000,000 or so to pay back $200,000.3

If one looks at the moral climate from which Hodge came, his long and close ties to underworld figures, the reasons why the gangsters saw Hodge as a valuable investment, Hodge's ability to dupe everybody, including gamblers, and his compulsive personality which may have precluded him from giving up a good thing, then these "romantic" stories of gamblers begin to look credible.

He had been involved with hoodlums from the Madison Country area from the time he was a child. Hodge and slot machine king Tom Berry were boyhood "chums," and he would frequent Berry's Club Royale gambling house.4,5,6 In 1938, Hodge became associated with Willie Henry, who moved to Cicero near Chicago and worked his way up to number three on the Federal Bureau of Investigation's most wanted list.7

Hodge was not only socially linked to gamblers but also politically. Before he had even reached the General Assembly, he had convinced the owner of the Hyde Park Club that he "spoke for the state" and could insure freedom of operation. By the time 1951 rolled around, Hodge was admittedly receiving substantial sums of money from gambling interests.

This came about for two reasons: 1) they felt that he was running for Governor, and 2) they thought that he would be able to let gambling
operations open up again. Governor William Stratton would have nothing to do with the gambling, despite hoodlum support for the Republicans. He did not need their support, and he did not owe them his political career the way Hodge did.

Following his election, two things occurred almost simultaneously. First, the gamblers found, much to their chagrin, that Hodge as Auditor was ineffectual when it came to halting the gambling raids, and thus demanded their money back. And second, in early 1953, Hodge began raiding the Illinois treasury in a phony check cashing scheme. Reason would suggest that there is some tie between these two occurrences, although the evidence is nothing more than circumstantial.

In 1955, events similar to those four years earlier transpired. It was rumored that Hodge would be running for governor, that he received a slush fund in order to pay off officials, and that gambling spots had recently opened all up and down the state. Again these places were closed, and again the hoodlums asked for the money back. If necessity forced Hodge into raiding the treasury, greed certainly would have sustained it.

Hodge was very elusive when it came to his business dealings. He had no real idea how much he had, but he always inflated the figures (even on his income tax returns). Because of the manner in which he misled people, there grew up several myths surrounding his wealth. As late as July 10, 1956, the wealth myth still prevailed. In a Chicago American story, it was reported that Hodge was worth between three and four million dollars. The article stated that Hodge's yellow stucco house was worth $40,000, that Hodge owned a Granite City building worth $300,000, and that he had a 150-house subdivision. In reality the home was appraised at being
worth between $25,000 and $30,000, the building $220,000, with a $110,000 loan outstanding, and the development, which the paper said had 150 houses and Hodge said had between 250 and 300 homes, was actually an investment in "seven or eight modest homes in the $8,000 to $9,000 bracket." 9

One reason Hodge was not clear on his financial situation was because he would prefer to peel several one hundred dollar bills off a thick role instead of writing a check and having a record of the transaction. Hodge, in an effort not to antagonize people with a Horatio Alger "rags to riches" story, would tell how he received a large inheritance. He also gave credit to his father for establishing the Hodge real estate and insurance business.

Although Hodge was a very capable salesman, his assets did not grow appreciably, until he entered the legislature. (A cynic might suggest that this was because when he went to Springfield, he was able to get his hands on the easy illegal money that flowed in that town.) Early in Hodge's financial career, he received a boost from the criminal element. Thomas Berry and Frank "Buster" Wortman were business partners of Hodne, and they, along with Joseph Costello, had purchased insurance from Hodge. After looking at the high level of tolerance for gambling in Madison County, along with Hodge's political career and business ties to gangsters, a great deal more credence can be given to what Yoder referred to as a "romantic story." Hodge may not have begun his stealing to pay off his $200,000 debt to the hoodlums, but that Hodge was intimately involved with gangsters is an inescapable conclusion. Many of his acquaintances were gamblers, his business was reported to be a front for a slot machine distributor, and it was revealed at the Kefauver hearings that there were gambling devices in the clubs he belonged to in Madison County and Chicago.10
Margaret Hodge never wanted her husband to go into politics and repeatedly asserted, "I hate politics and politicians." Despite the way she felt, Mrs. Hodge capitulated and supported her husband's new career. It was at this time that the two "talked frankly together about temptations. 'I told him I was confident he would not be tempted to do anything dishonest. After all, we were well fixed financially. There was no reason for his getting into trouble,' said Margaret."

At the outset of Orville Hodge's political career, he may have seen elective office as just another way to bring in new clients for his insurance business. His first decade in public service was the story of a small fish in a small pond. In 1936 he became the Republican precinct committeeman for Granite City, and later became the city's Republican chairman. He became the Treasurer and Vice-Chairman of the Madison County Republican Committee in this period. "... In the late 1930s Orville ran for mayor of Granite City and took a shellacking. Hodge was a long time getting over the set back. He brooded for months, and then plunged back into politics. 'I think he made up his mind to show us all,' a neighbor said, and show them Orv did."

After this loss, he won an appointment to the Madison County Board of Review, which he held for six years. It is in this position that Hodge gives the first indication that he was not "Good Old Orv" who was led astray by those Chicago sharpies, but that he had been "Wrong Old Orv" all along. When he served on this tax board, Hodge "clouted" the manufacturers for kickbacks in return for cutting their taxes. This in itself was not extraordinary; however, "when he got too raw," he was
eased out of his position. Additionally, he used this position to get the "big fellows" to transfer their insurance over to his agency.\footnote{14}

In 1941, Arthur C. Lueder, a Chicago Republican, was sworn in as Illinois Auditor of Public Accounts, but Simon A. Murphy and the West SideBloc were said to be in control of the office.\footnote{15} Shortly after the election, Granite City Court Judge R. W. Griffith, Lueder's chief loan inspector, successfully sponsored Orville Hodge for the position of deputy receiver for five small downstate banks in Adams, Schuyler, and Hancock counties.\footnote{16} It was in this position that Hodge had his first insight into the inner workings of the Auditors.

It was also at this time that Hodge began to exhibit his ability to dupe gamblers into thinking he had influence where in actuality he did not. For example, one gambler who fell victim to a Hodge ruse was Johnny Connors, the owner of the Hyde Park Club. Connors hired Hodge at $50 a day in 1945 because Hodge claimed he could "speak for the state." After seven months of paying Hodge this exhorbitant fee, Connors went to another gambler and asked the gambler to help him defray the cost of paying Hodge. "You're crazy to pay Hodge," the second gambler told Connors, "he can't do anything for you."\footnote{17} A downstate politician was even more blunt in reference to Hodge's ability to provide services to the gamblers. He said, "If anyone gave money to Hodge on the theory that he could influence the state administration, he was a damned fool. He is nothing but a playboy spendthrift."\footnote{18}

Connors, the proprietor of one of the largest gambling spots in the state of Illinois, was evidently a "damned fool." Whether or not Hodge had any ability to halt the crack down on gamblers is irrelevant.
The question is could he have convinced someone, the right someone, that he could influence the raids. Apparently, he had this ability.

It was not until 1946 that Hodge was cast into a big pond, but at this point, he was still a small fish. It was in this year that Hodge was elected to the General Assembly as the Representative from the 47th District (Madison and Bond counties). Upon arriving in the legislature, Hodge was a pleasant, affable guy who knew very little about the important things, but he knew a great deal about entertaining, and what people liked to drink. Very quickly, however, Hodge began to grow into a big fish. He sought out Reed Cutler, an influential Republican from Lewistown, as well as other key Republicans, but Republican Hodge did not overlook influential Democrats either.

Hodge became closely associated with the West Side Bloc as well. He was vice chairman of the House Committee on Banks and Savings and Loan Associations, which had a very large number of bloc members on the committee—James J. Adducci, Peter C. Granata, James Rinella, Vito Marzullo, and Robert Petrone. Hodge had the phone numbers of quite a few bloc members in his personal phone book, as well as the number of Simon Murray, bloc political advisor, who Hodge had met when he worked for Auditor Lueder.  

Hodge was a very active freshman legislator. He introduced 87 bills and was able to get 54 of those passed. Thirty-one of these bills were co-sponsored with members of the West Side bloc who were notorious for uniting against new laws which were designed to improve the criminal justice system, and speed up the war on crime.
Hodge would seldom get up and make a speech, but he was always seen scurrying about the floor lining up one deal or another. "... He was friendly with legislators and lobbyists with a reputation for carrying little black bags—people known for their dealing in cold cash for legislators' votes." Some felt that Hodge himself "was one of those who took money and passed it around."  

Hodge defused criticism of his methods by stating that he had worked for the welfare of property owners. When Hodge became vice-chairman of the House Revenue Committee, he worked with the Illinois Taxpayers Federation to put rate ceilings on taxing districts. In exchange for his aid, Hodge asked to make it a committee bill, the Federation agreed, and Hodge's name appeared first among its sponsors. While in the Legislature, Hodge talked freely about his connection with gangsters and gamblers.  

For the most part, he had become a very popular member of the legislature. However, he did have the ability to rub some individuals the wrong way. One such incident occurred when a lobbyist had provided chicken dinners to all of the female legislators. The day after the dinner, a Hodge-supported bill was coming up which did not have the support of several highly respected women legislators. Learning this, Hodge denounced them violently on the floor of the house, and insinuated that their votes had been influenced by the two dollar and fifty cent feast the night before. Several of the women rose and told him off in no uncertain terms. Later, when Hodge was soliciting support, he approached one of these women and asked if she would back him. She indignantly refused, and asked if he
did not remember the way he castigated her. Hodge responded, "Why, you didn't think I was serious about that, did you?"

**Hodge's Political Style**

Orville Hodge's personality made him an excellent campaigner, who could always be counted on to draw a large crowd to political rallies. Hodge "was no great shakes as a political orator, but he was a winner. People considered him a genuinely friendly man and they thought he was sincere when he appeared delighted to meet them."

Hodge received capable assistance in preparing his speeches from Chicago Lawyer Ben H. Feldman and William Day, former Springfield newspaper reporter, but his delivery was still poor. Hodge tried to receive inspiration from Abraham Lincoln's immortal words so he went to Lincoln scholar, Leo A. Lerner, and Ralph Newman, proprietor of Chicago's Abraham Lincoln Book Shop, to receive rare Lincolnia for his speeches.

Hodge's political campaign manager was Leslie P. (Ike) Volz, who had been credited with masterminding the campaigns of Republicans William Hale Thompson who was Mayor of Chicago from 1915 to 1923 and 1927 to 1931, and Governor Len Small, who held office from 1921 to 1929. Volz did not like Hodge's role as the country boy bookkeeper, and tried to coach him away from those roles. He said, "I did not like your reference to yourself as a country boy... [and] as a bookkeeper." However, it was the role of "humble servant" that Hodge played best. One reporter commented, he

... had a cute little gimmick when he campaigned thru (sic) the state for the auditor's job, employed particularly at tea parties and other little gatherings staged for female supporters. "I don't want to take up your time, ladies, with a political speech," he would say with a gracious how. "I just want you to know I want to be the guardian of your tax money up there in Springfield."
He would conclude his speeches with a grandiose bow and exit. This exaggeration of his gestures made some, particularly Chicagoans, feel that he overdid it, and he struck some as a "rube." Nevertheless, Hodge knew how to get votes. He was one who was quick to forget one's surname, but he never forgot a first name. He built a strong following swiftly by doing all the favors that he could. Hodge almost invariably would say, "Now if there is anything I can do for you, let me know." These favors would sometimes take the usual form of "putting in a good word," but Hodge's financial resources were only limited by his imagination, and so he could simply buy votes.

This occurred on one of his train trips to Chicago from Springfield. On this occasion, Hodge was able to swing at least two votes and with all probability ten or twelve. As Hodge sat quietly enjoying the trip, he noticed a pair of young newlyweds heading for Chicago on their honeymoon. Journalist James Phelan related:

Within five minutes, the man in the silk suit was calling them by their first names and buying drinks from a large-sized roll of $100 bills. When the train reached Chicago, the newlyweds made the pleasant discovery that, in their new-found friend, they had hit a jackpot roughly comparable to one of the loftier plateaus of the $64,000 Question. Although he had known them less than four hours, he supplied them with a shining Cadillac and installed them in a suite at a swank lake front hotel. The bridegroom protested that he couldn't afford such a layout. Their curly-haired friend slapped him on the back and told him not to worry about a thing. "Enjoy yourself," he said, "It's all on me."

For a week the couple reveled in luxury, occasionally pinching each other to make sure it all was real. When the week was up, the man in the silk suit appeared, unlimbered the green log and picked up the bill for the entire honeymoon.

"Just remember the name on election day," he told them. "Orville E. Hodge, your Republican auditor." When Hodge was asked why he spent so much on the couple and others like the newlyweds, he would respond, "I've got the political bug," he'd laugh.

"Hell's fire, it costs me ten or twenty times what I earn, but I love it."
Hodge's Politics and Gamblers - 1951-1956

The "political bug" compelled Hodge to announce his intention to run in the primary for the Republican gubernatorial nomination. This announcement came on July 24, 1951, at a testimonial dinner held in Belleville.

In attendance was Fred M. Mersinger, who was Edward Epping's partner in the F. M. Mersinger & Co. accounting firm. Mersinger had also been the auditor for the St. Louis area gangster Thomas Berry. Although Mersinger admitted making out Berry's income tax return, he denied auditing the books for any of Berry's numerous gambling enterprises. Also in attendance was Hodge's influential friend from the House of Representatives, Reed Cutler.

Hodge appealed for, and received support, from Evan R. Dale, who was then the boss of the Common Laborer's union in southern Illinois. Dale rallied the Southern Illinois District Labor Council behind Hodge at a time when labor leaders were cool to him. Dale's financial contributions were not large, but he also declared a labor holiday on election day, which was a major contribution.

The St. Louis gangsters were very interested in Hodge as well. A downstate gambler explained in 1952,

... we'd had four rough years. From '48 to '52 Adlai Stevenson used the state police to raid us. He even closed our biggest spot, the Hyde Park Club, and it hadn't been closed in twenty years. So when 1952 rolled around, we wanted to make sure we wouldn't get four more years of the same.

The gamblers backed the Republicans, figuring that any change in the governorship would be better than a continuation of the raiding that had been going on under Stevenson.
Stevenson was ultimately nominated for President, but his replacement, Lt. Governor Sherwood Dixon, vowed to continue the Governor's raiding program.

Hodge arranged a planning meeting at which two top gamblers from East St. Louis and another major political figure were present. Wortman, in particular, became very interested in seeing Hodge as governor. He was seen by Granite City businessmen making frequent trips to Hodge's Insurance Agency, and both he and Berry made several trips to Hodge's Ft. Lauderdale Hotel. A St. Louis gambler stated, "We got up a real wad of dough. All we wanted was a promise that the state police would lay off. We can handle the locals. Hodge set the thing up for us. We trusted him because we'd dealt with him for years. We were promised that the state police wouldn't interfere . . . [and] . . . the boys handled the bundled over . . ." It was discovered that Hodge had received a $200,000 slush fund to be used to curtail or halt the gambling raids. Hodge stated that the campaign contributions from gamblers was much smaller than the $200,000 figure, and they were not conditional on keeping the gambling spots open, but he did not deny receiving the aid.

Hodge claimed that his primary race cost him between $150,000 and $160,000 and the general election cost $45,000 to $50,000. All totaled about $200,000. For Hodge to spend $200,000 on the campaign, he would have had to have substantial campaign contributions, since one set of records found in his Granite City office indicated that he "had an income of slightly more than $10,000" in 1952.

In December of 1951, Hodge paid $1,300 for recorded broadcasts on announcing his withdrawal from the governor's race over 23 radio stations.
throughout the state. "A 'modest primary campaign,' he stated, had convinced him his chances for the nomination were slight."

Instead of seeking the gubernatorial nomination, Hodge decided to run for Auditor of Public Accounts. During the campaign he pledged to audit the state funds and satisfy himself that they were being spent properly. He claimed that he would see that the state received a dollar's worth of service for every dollar expended. Hodge said that this would be accomplished by doing an effective pre-audit, which "meant things like dropping in on payday and handing out the checks to make sure that this was the guy who earned the money."

In the April 1 Republican primary, Hodge was pitted against William H. Brown, Ralph Waldo Emerson, James E. Hill, Arthur E. Larson, Louis E. Nelson, and Richard J. Oglesby. The Democratic opponent was incumbent Benjamin O. Cooper, who ran unopposed. Half way through the race, campaign experts predicated that Hodge would run second behind James E. Hill of Streator, then president of the Illinois Republican County Chairman's Association. Hodge was able to turn this around by securing the Chicago and Cook County votes. It was in this area that he was least known, but he struck a "deal" with James Adduci, state legislature West Side bloc member, and Joseph A. Porcaro, 28th ward Republican committeeman. "In this deal, Hodge was spending about $50,000 in Chicago alone," stated Hodge's personal attorney for the Auditor's office, J. Roy Browning. Browning, who was a candidate for Attorney General in the same year, went on to explain that he heard about this "deal" when Hodge offered to "cut me in."
Because Hodge ran in a seven man field, he received one-quarter of the Republican vote and only 16 of those voting in the election cast a ballot for Orville Hodge. Despite this, Hodge received a winning plurality of 14,400 votes over the next closest competitor, Hill.

After he was elected, Hodge, on several separate occasions, tried to protect gambling in Madison and St. Clair counties, but "overtures by Hodge in 1953 and 1954 to other state officials to allow gambling on a 'local' basis failed because of Stratton's orders to raid any syndicated gambling." One journalist found that the gamblers,

... went to Hodge and raised hell. Hodge said he tried to keep the deal but he couldn't swing it. He said he was sore too, but he couldn't do anything about the money because it was all gone. The boys laughed in his face and told him to get it up. They told him to get it up or else.

Wortman specifically told Hodge that if he did not get the money, he would "put his lights out."

There was a widespread assumption in the underworld that Hodge was behaving like a man with a gun in his back when he raided the treasury. Yoder stated that Hodge would not have had to take $2,000,000 to repay $200,000, which is true, but Hodge himself stated that once he started, he could not give up the scam for easy money. If his stealing began out of necessity, it may have continued due to greed.

Shortly after the 1952 election, in either late May or early June 1953, Hodge reportedly had a violent argument with Clem Graver, where the two called each other vile names. It was speculated that this might have been in reference to deals made with gamblers in the East St. Louis area. Apparently, over several months, Graver had made several trips to East St. Louis in connection with hoodlum attempts to open up gambling in that
area despite the barrage of police raids. On the night of July 11, 1953, Clem Graver "left his headquarters and drove the few blocks to his home [where] three men kidnapped him. They drove up to his garage and seized him and put him in their own car and drove away; and though his wife gave the alarm immediately, the police could find no trace of him or his kidnappers." There were reports that gamblers had been complaining about Graver doublecrossing them after they had payed for a "fix"—the same reports that surfaced after the discovery of Hodge's embezzlement. There was no direct link between Hodge and this occurrence, but the incident in the Auditor's office, and the fact that Hodge's business associate, Frank "Buster" Wortman was interviewed in connection with the murder, again reinforces the evidence that Hodge was closely linked to what was going on in the gambling regions of East St. Louis and Madison County.

Prior to the 1956 primary, talk of Hodge running against Stratton again surfaced. The gambling syndicate bosses believed that Stratton's political strength had been weakened as a result of a toll road scandal involving Chairman Evan Howell of the Illinois Toll Road Commission. The Governor absorbed criticism as an ex-officio member of the Commission and was subject to a legislative investigation. The syndicate felt that Hodge could run against Stratton in the primary and win. It was alleged that the Chicago mob was to have raised $200,000 and the St. Louis gang was to have supplied $75,000 for Hodge's primary race. It was also said that a number of tavern owners donated between $50 and $400 to Hodge's campaign with the understanding that pressure on gambling would be eased.

Hodge decided not to run for governor when it was clear that Bill Stratton was picking up much of the strength that he had lost. So on
August 18, 1955, Hodge announced for a second term as Auditor. The announce-
ment was made before five or six thousand at an Illinois Republican rally
held at the State fairgrounds in Springfield. "Hodge declared in a prepared
speech that 'I want to stay on the job to see that what we have begun is
continued. So I say now that I expect to seek the office of Auditor of
Public Accounts again next year because there is still so much to do."61

After Hodge announced for Auditor, the gamblers asked for some of
the money back because he obviously wouldn't need that much to run for
Auditor. Hodge had spent much of the money to pay off debts in his extensive
business enterprises, and $25,000 of the money went to refurnishing his
suite at the Drake Hotel.62

As Auditor, he would not be able to control the gambling raids with
the same facility as if he were governor, but again he approached a number
of Illinois political officials in order to stop the raids. The Post
Dispatch reported that Hodge was to have had $90,000 to place in the hands
of the right politicians on behalf of the gamblers, such as State Police
Superintendent, Phil Brown. There is some evidence for this, since Hodge
had cashed a check for $85,000 on October 14, 1955, just before the gambling
spots reopened. When Hodge was asked about the money at a U. S. Senate
Inquiry, he stated that he could not remember why he received it or what
he did with it. In response to this, Senator Fulbright said, "Mr. Hodge,
I think you are lying to the committee, if you want to know the truth."65

In late 1955, gambling spots were said to have opened up "from Cook
County to Cairo" under the assumption that Hodge had paid $90,000 to
Illinois politicians on behalf of the gamblers. The freedom to operate
was short lived because in early November there were simultaneous raids
in Madison and Alexander counties. The raiders stormed into Wortman's headquarters at the Club Preview and found him sitting at the bar, where he had a good view of the three dice tables, two black jack tables, and roulette wheel, which were broken up by the officers. Fifty-three patrons were lined up and questioned, but only one man, who identified himself as the manager, was arrested.66

When Hodge could not prevent the gambling raids, he tried to find out when and where they would occur from the state police. This also proved fruitless. Wortman and the other gamblers were perplexed. They had been assured that Hodge saw that the money was in the right place. The $90,000 obviously had not gone to the right people and the gamblers were bitter about this. Some were cool toward Hodge, but Wortman personally demanded his money back from representatives of Hodge in St. Clair and Madison Counties and it was returned.67,68,69

Hodge Business and Gamblers

In 1925 Orville opened the Hodge Agency at 1915 Edison Avenue in Granite City. Common myth suggests that Griffith Hodge started this real estate and insurance business; however, Hodge kinsmen and other long-time Granite City residents told a Sun Times reporter, Jack McPhaul, that in fact, "the son started the business and the father entered the firm after his retirement from the steel mills. They said the father probably helped finance the company and the son wanted to give him credit."70

Throughout the middle and late thirties, the Hodge Agency was doing very well. Two local insurance brokers and a prominent banker insisted that the business should have netted him from $15,000 to $30,000 a year. This was borne out in part by Sam E. Pershall, who was president
of the twenty supermarkets that made up the Tri-City Grocery Company. He said:

We gave him a little of our insurance business . . . and he did so well with it we eventually gave it all to him. Our premiums run about $100,000 a year, and Hodge handled them and all our claims perfectly. He was about as good an insurance man as I ever saw.71

The account alone should have brought the Hodge Agency about $17,000 a year in commissions.

Another insurance broker swears equally vehemently that the agency's net could not have been more than $10,000 a year in its best days. Orville told his hometown residents that he was a millionaire and many believed him. One man said:

I know many people in Granite City always talk about Hodge as a great guy, and very rich. I think he talked about being a millionaire; they talk about him being worth more than two million and things like that. I don't think he ever was.72

Orville liked to be considered a "big man" and would talk about his accumulating wealth. Not only did he like to discuss how well the Hodge Agency was doing, but also about the "hundreds of thousands of dollars" his wife inherited from her father. It was believed that she inherited about $250,000, although figures as high as $800,000 had been quoted.73

It was later discovered that before William Coudy's death, his lumberyard had been destroyed by fire. He rebuilt it, but the fire was a hard financial blow and the firm never returned to the prosperity that it once enjoyed.74

During the period prior to his election to the General Assembly in 1946, Orville's income grew incrementally. According to his own estimates of net worth, by the end of August 1945 he had acquired assets
of $32,898.22 This figure indicated modest growth, but after the election, his wealth jumped dramatically (see chart on following page).

By his own admission, Orville Hodge was not a "millionaire" or anything close prior to his election. What wealth he did have was heavily mortgaged. At the time of the investigation into his assets, it was found that Hodge had a $110,000 loan outstanding on a $220,000 Granite City building. Another building in the city, worth $70,000, had a loan of $30,000 on it, and a third was worth $100,000 with half of the loan outstanding. Hodge had business deals with Wortman, Berry and Costello. Hodge was reported to have had an interest in Wortman's Club Prevue outside of East St. Louis and it was verified that his insurance agency covered the Club.

In 1953, Hodge purchased one-half interest in the Esquire Hotel located in Ft. Lauderdale, Florida. He paid about $50,000 and took out a mortgage on the remainder of the place. The following year, George Ehret, who was a distributor of national beers in southern Illinois, sold the remainder of the hotel to Hodge. Wortman had a share of the hotel through an unrecorded mortgage for an unspecified amount. Hodge added on to the hotel and it grew from a ten-unit apartment to a forty-unit apartment with some very plush suites.

Joseph Costello, who had a long record of arrests, was insured by Hodge's agency as well as Wortman. Hodge invested $46,000 in the J. H. Adamson Inc., a hardware and appliance store, in 1946—the year he entered the legislature. Orville was the secretary, treasurer and director from 1946, to 1950, before he assumed the Auditor's position. In 1951 and 1952, Berry's name was shown as director and he owned 50 shares of stock in the establishment.
It was reported that Wortman, Dowling and Berry invested in a casino in Las Vegas until agents of the Nevada Gambling Commission began investigating the three. At this time, the casino was sold to San Francisco investors, but Berry was unable to get his money in a one lump sum. He was forced to stay in Las Vegas and receive his money in weekly payments. Before going west, he wanted the $30,000 loan to Hodge returned. Berry sent an emissary to get the money, but Hodge said he did not have the money.

Hodge's difficulty in repaying to slot machine king Thomas Berry, did not preclude him from loaning $5,500 to Ledo Long on April 14, 1956. Long was the proprietor of the Town House Restaurant, which was located in Havanna, Illinois. This establishment operated crap, dice and punch card games until Halloween 1953, when the state police closed the restaurant which was located right across the street from the Mason County Court House.

With Berry’s connection there were reports that the store was used as a front for putting slot machines in restaurants, night clubs, and saloons in St. Clair and Madison Counties. This may explain why Hodge wrote Berry a letter in 1947 concerning a bill “to license operated gambling machines.”

Before becoming Auditor, the J. H. Adamson Inc., was a “very small store deal” reported one Granite City resident. After he assumed state-wide office, the store suddenly grew out of the little building in which it have been located and moved to a new shopping center on Nolmaki Road near Granite City.

In the early 1950s, Berry sold his yacht, the Leading Lady, to Hodge for $10,000. The check was endorsed by Berry, Hodge and Mrs. Kate
Maule. Maule had been Wortman's nominee in a number of property deals, and held the liquor license for Wortman's Terrace Lounge. She was killed in an auto accident in mid-1955.88

Hodge's friends would tell you that Hodge's grandfather owned the land on which downtown Granite City now rests, although there is nothing to indicate Hodge's grandfather had ever been to America, much less owned part of Granite City.89

Hodge's financial dealings with gamblers went beyond just business ventures. On several occasions he had money loaned to him, and at least once, he loaned money to a downstate hoodlum. Some felt that Hodge's $30,000 debt to Thomas Berry, in addition to the gambling payment, may have caused him to begin his embezzlement.

Conclusion

Politically, Hodge was aligned with the most corrupt group in Chicago, the West Side bloc. Milton Rakove offers an explanation as to why a "country boy" would align with a group of "city slickers." He states:

In theory, in states like Illinois, statewide elections are contests between the interests of the urban-industrial complex and the rural, small town areas of the state, and those conflicting interests are the issues in a statewide campaign between the two major political parties. But the practical interest of professional politicians and public office holders do not necessarily coincide with the theoretical interests of the voting public. The practical interests of professional politicians and public office holders are to gain office, retain office and reap the perquisites of office.90

Both Hodge and the bloc benefited from the other. Hodge was in a position to dispense patronage jobs, and provide direct access to the governor, and the bloc members kept a special eye on the bills Hodge was interested in.
It is clear that Orville L. Hodge was very close to Wortman, Berry, and Costello among other gangsters. Hodge was involved socially, politically and in several business ventures with these gentlemen, which not only gave them access to Hodge, but also enabled them to exert influence over him. This influence manifested itself in Hodge's lobbying for interference with gambling. His failure to get cooperation from the state police in this matter may have been the impetus behind Hodge's grand scale thievery (the small schemes had been going on for years, and there is nothing to suggest that Hodge would have done away with them.) Given the motive, Hodge had an ego that probably compelled him to continue embezzling with ever-increasing zeal. Hodge felt that a man's worth could be measured in dollars and cents, and this, coupled with the aforementioned ego problem, drove him to lie and mislead people about his actual worth. "A public relations employee in the Auditor's office testified, 'When I first came to the office, I was indoctrinated with Hodge's business interests and wealth.'" This was the manner in which Hodge could prevent people from questioning where he received his wealth—indoctrination. Actually, he was not wealthy and surely not endowed with the one or two million as some believed. Prior to his stint in the legislature, what wealth he did have was growing at a respectable, but not tremendous rate. When he became a legislator this changed, and from that time on, Hodge could live the life of a wealthy man with nothing to fear—except maybe a persevering newspaperman.
CHAPTER 3 NOTES


5. Ibid.


9. George Thiem, p. 150.

10. U.S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 1230; Slot machines were not found exclusively in downstate Illinois. The Illinois Athletic Club in Chicago, of which Hodge was a member, also had a number of these machines in 1956.


12. Ibid.


14. Ibid.


"Link Hodge to W. Side Bloc," Chicago Sun Times, 1 August 1956.

Hodge was co-sponsor of eight bills with Robert Petrone, seven with John D'Arco, seven with James J. Adducci, seven with Andrew A. Euzzio, two with Clem Graver and one with Peter C. Granata.


George Thiem, p. 25.

Carl R. Baldwin, "Ousted Official Said To Have Joined Buster in Florida Deal."


George Thiem, pp. 174-75.

Interview with William Day; Volz became Hodge's Chicago office manager after he was elected. It has been suggested that Volz was involved in the scandal in much the same manner as Edward Epping, but since he died of a heart attack on June 20, 1956, his role was never investigated.

George Thiem, p. 175.


Interview with Tom Littlewood, University of Illinois, Urbana, Illinois, 8 March 1983.

James Phelan, p. 305.

Ibid., p. 306.


Richard Lewis, "Labor Extortionist Revealed As Helping to Elect Hodge."
37 James Phelan, p. 317.

38 O. T. Banton, "Did Hoods Tap Hodge for $200,000?" Courier (Champaign-Urbana), 19 August 1956.


40 "Link Hodge Thefts to Threat;" Richard Lewis, "See Link to Vice Racket."

41 James Phelan, p. 317.


43 Johnson Kanady, "Orville Hodge's Own Story."


45 Sandy Smith, "Tighten Links Between Hodge and Hoodlums," Chicago Tribune, 1 August 1956.


48 Jack McPhaul, "How Ex-Auditor Built State Political Power."


50 Ibid.

51 "Link Hodge Thefts To Threats."

52 Johnson Kanady, "Disclose Gangster's Phone Calls to Hodge," Chicago Tribune, 5 August 1956.


55 Richard Lewis, "See Link to Vice Racket."

57. "Link Hodge to W. Side Bloc."


59. O. T. Banton, "Did Hoods Tap Hodge for $200,000?"

60. "Hoodlums Got Hodge 'Refund,'" Courier (Champaign-Urbana), 25 July 1956.


62. O. T. Banton, "Did Hoods Tap Hodge for $200,000?"

63. "State Probes Racket Clews in Hodge Case;" "Link Hodge Thefts to Threat."


67. Johnson Kanady, "Orville Hodge's Own Story."

68. Theodore C. Link, "Hodge Named as Collector of Pay-offs Under Green."

69. Ibid.; "Hoodlums Got Hodge 'Refund.'"

70. Jack McPhaul, "Fast Man with Tab."

71. Clay Gowran, "Day of Folly! If Only Town Could Erase It."

72. Arthur M. Fitzgerald, as told to Len O'Connor in 1946, from tapes from the Chicago Historical Society.

73. After the scandal, Margaret sued the state for $586,000 based on claims of this inheritance from her mother. The final settlement was for $105,098.


77 U.S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 1211; Johnson Kanady, "Orville Hodge's Own Story."


79 Ibid., p. 353.

80 Ibid., p. 354.

81 George Thiem, p. 206.


83 Carl R. Baldwin, "Ousted Official Said To Have Joined Buster in Florida Deal."

84 Johnson Kanady, "Disclose Gangster's Phone Calls to Hodge," Chicago Tribune, 5 August 1956.

85 Tom Littlewood, "Reveal Hodge Gave $5,000 Check To Downstate Gambler," Chicago Sun Times, 23 November 1956; The $5,000 was made out of the Brown Envelope account, and there was to be a note deposited in the envelope as surety. This was never found, which led to some speculations as to the actual nature of the transaction. The lack of a note and the timing of the raids, just after the 1952 election, suggests that Hodge may have been able to convince Long that if he contributed to Hodge's campaign that he, as Auditor, would have been able to stop the raids. When this did not pan out, Hodge may have given the $5,000 back to Long with an apology for his inability to keep his campaign promise.

86 George Thiem, p. 124.

87 Robert H. Collins, "Hodge Dealings with Gamblers Uncovered in Personal Files," St. Louis Post Dispatch, 1 August 1956.

88 Richard Lewis, "See Link to Vice Racket."

89 Robert M. Yoder, "Swindler in the State house."


91 George Thiem, p. 215.
CHAPTER 4

HOW HODGE ALMOST STOLE ILLINOIS

Hodge is the man who almost stole Illinois. Given another term—which he was a cinch to get—given time to get at the road and school millions, given time to get his fingers deep in financial institutions controlling much of the citizens' cash and credit, given time to finish the political machine he was building, Hodge might have become one of the giants of political crime.

After the scandal broke in 1956, people were shocked that Hodge could have pulled off such a scheme. However, he was able to control any significant opposition through a variety of means.

In general, Hodge was a political force to be reckoned with. He was a very visible threat to the Governor, who was well aware that Hodge was eyeing his seat. The other members of the executive branch realized that Hodge had a very good chance of being elected Governor, and did not wish to antagonize him. More specifically, Hodge was central to the passage of the reapportionment bill for the Governor, thus indebting Stratton to Hodge politically. The members of the General Assembly were coaxed in a number of ways. Hodge had quite a number of patronage posts which he could distribute to a legislator's constituents on request. Hodge also was able to devise a manner of having money loaned to legislators at low interest rates.

In turn, the Auditor's office was granted favorable legislation. For example, Hodge was able to gain access to the Unclaimed Property...
Fund because of an amendment which served to cloud instead of clarify the issue. And he was able to secure a 35% budget increase, in addition to another $525,000 in emergency funds needed to shore up his ravaged office funds.

Hodge was able to control the external threat of the media as well as the internal threat of the Governor and Legislature. Hodge manipulated the media in four ways. First, Hodge could fool this group, as well as the gamblers, politicians and general citizenry of Illinois. They liked Hodge, and believed that he was a millionaire. In addition, his friendship was important to the media because he could provide or deny them access to a "big story." Second, Hodge would do favors for the media similar to those which were performed for the Executive and Legislative branches of government (i.e., He lobbied newspaper supported bills, distributed patronage, and spent lavishly on them.) Third, Hodge controlled the access to the documents in his office. If he wanted the press to see the documents, they saw them. If he did not want the press to see them, they would have to leave and that was the end of it. The final reason that Hodge did not have to face a threat from the media was the journalistic moral climate. There were some areas which could be reported on and others which were taboo. What was acceptable to print at that time was much less than what it is now. To a very great extent this was because an expose on a politician would not be viewed as fighting for justice, but instead "ratting" on a friend.

Hodge would never have been able to concoct a scheme such as the one which netted him over two million dollars if it had not been for the perverted pre- and post-audit system in Illinois. In general terms, a
pre-audit is done in order to insure that an expenditure is made from the appropriate account, which has a sufficient balance to cover said expenditure. The post-audit is to insure that monies were expended in the manner which was presented in the pre-audit. In other words, if the Governor wishes to purchase a desk, the Auditor would insure that the money was available for the transaction in the appropriate account. After the purchase had been made, the Auditor would check again to see that the Governor did not use the money for liquor or some other item.

This system works so long as the pre-audit and post-audit provide a check against each other; therefore, it is necessary to split the two functions. Contrary to conventional wisdom, Auditor Hodge controlled both of these. Additionally, Hodge's office mailed out all of the state's checks—another function which should have been vested in another body. With control of all of these functions, the checks and balances which should have been built in the system were absent. This grossly inadequate system would have enabled Orville Hodge to embezzle thousands of dollars without detection, but Hodge's appetite for money was insatiable. For this reason, he expanded his scheme so that he could embezzle several thousands of dollars at one time, and it was his ability to do this that made the "Hodge Scandal" sensational.

Hodge's Influence

It was well known, both in and out of political circles, that Hodge was a very good vote getter. The major elected officials realized that Orville was a potent political force, and thus were always keeping an eye out for Mr. Hodge. A retired newsman who knew them said that both Governor
William Stratton and Treasurer Warren Wright were "afraid of his political power." Hodge had announced his intention to run for Governor in 1961, and rumor to this fact circulated again in 1955. "Orv's going to be governor sure as God made little green apples," a GOP county chairman said. "And it wouldn't surprise me to see him wind up in the White House." Even at the national level it was predicted that Hodge was going places.

For example, Leonard Hall, the chairman of the Republican National Committee was invited to stay at Hodge's Ft. Lauderdale Hotel as the guest of the Auditor. Hall stated that he tried to pay the bill for the few days in February that he stayed there, but was told that everything was taken care of. Hall refused to have it that way and eventually paid for everything except the rent. Hall said that he accepted the offer for the same reason that anyone else would have in early 1966--Hodge was "an elected official and frequently referred to as the next governor of Illinois."^3

In 1953 as Auditor, Hodge showed his ability to secure key votes in the General Assembly for Governor Stratton. Stratton felt that his greatest accomplishment during the 68th session of the General Assembly was the passage of the reapportionment bill. This probably would not have happened if it had not been for Hodge and the Democratic downstate coalition led by Paul Powell. Reapportionment was to occur once a decade, as was provided for by the 1870 Constitution; however, this had not occurred since 1901. At this time, downstate had held the majority of the population, and thus, the votes needed to reapportion the state. When it became clear that the majority of the population had shifted to Chicago, downstate simply would not approve an apportionment bill.
In 1953, Powell was no more eager to reapportion the state than his downstate colleagues had been for the preceding 52 years. After an unsuccessful attempt at passage, Stratton sent

... a member of his cabinet, State Auditorville Hodge—a wealthy, affable real estate man—to negotiate with Paul Powell for the Downstate Democratic votes. "Hell, Paul and I have been friends for twenty-five years," Hodge had said. And the next day, when Speaker Wood again called for reapportionment, Paul Powell spoke for it.

The vote was taken, the bill passed, and Stratton owed Hodge one very big political favor.

In an attempt to further ingratiate himself with the Legislature, Hodge came up with a loan scheme which enabled legislators to take out a loan with their pay check as collateral. Southmoor Bank President Edward Hintz explained the way the operation worked.

As Orville said, most of these fellows are broke most of the time, and they needed an advance against their new payment. They get $5,000 a year, or $10,000 for the 2-year period. January 1 of each year they get $5,000. Along came the late summer and fall prior to this money becoming due, and they asked Orville whether he could help them out. So Orville secured from them their notes with an assignment to the bank and a letter of confirmation from the paying agent at Springfield that he was retaining those funds to protect the loans granted these people by the bank, and there were probably ten or eleven of those loans made. In a number of instances, I had replies back thanking us for our courtesy.

This practice was not illegal, but just another means in which Hodge could insure ten or eleven bipartisan votes when a piece of legislation favorable to the Auditor's office would come up.

Hodge was also able to pass legislation favorable to the Auditor's office by enlisting the aid of his old pals from the Madison County area and the West Side Bloc members. One such piece of legislation was the Unclaimed Property Fund Bill.
The Unclaimed Property Fund was a fund that was acquired from deposits that went unclaimed after a bank had defaulted. The money lay dormant until House Bill 186 created a trust fund for the money. The bill was introduced February 15, 1955, by Hodge's friend, Paul Powell (D-Vienna) and Lloyd C. Harris (D-Granite City), whose wife was on Hodge's payroll. At the second reading on March 15, the bill was amended by Richard A. Napolitano (D-Chicago) who was associated with the West Side Bloc. Upon introduction the bill read that the unclaimed deposits "... shall be deposited in a special fund in the State Treasury..." After amendment, the bill read "... shall be deposited by the Auditor in a special fund of which the Treasurer shall be ex officio custodian..." This change in the wording served to becloud the responsibility of the fund between the Treasurer and Auditor.

Hodge repaid his political debts by passing out patronage jobs to bloc sponsorees. For example, Chris Stolfa, Deputy Chief Financial Examiner for Savings and Loans Associations, was given his job based on recommendations from West Side bloc member, Roland V. Libonati, and first ward committeeman, Pete Fosco.

Hodge's greatest legislative coup came in 1955 when he was able to get an additional 21 million dollars from the legislature in his second biennium. Hodge's predecessor, Benjamin O. Cooper, received $5,375,136 in 1951. Hodge's appropriation for the biennium beginning in 1953 was a little under Cooper's--$5,229,136. In 1955, this changed drastically, and the Hodge appropriation went up $1,884,963, or an incredible 35%. (See Appendix, page 195) In addition to this sum, Hodge was able to receive an emergency appropriation of $535,000.
Hodge was able to pull this off through a little legislative sleight of hand. What he did was to entrust his appropriate bills to one of the most influential men in the House of Representatives—Ora Dillavou of Champaign. Dillavou was Chairman of the House Appropriations Commission, and therefore, would automatically sit with the Chairman of the Senate Appropriations Committee, the Governor and two other House and Senate members on the Illinois Budgetary Commission. According to statute, the duties of this commission are as follows: "The commission shall make a thorough study and investigation of all State expenditures and income from any source."  

The duty of the commission was to examine Executive budget requests, but with the Governor sitting on the committee, this function was not carried out very well. This aided Hodge, however, who had Dillavou enter House Bill 571 on March 29, 1955, for Auditor's office appropriation of $47,709,099. The bill was put on the calendar on April 14 and then at the second reading, on April 19, the bill was amended. The Amendment, tacked on by Dillavou and his co-sponsor, W. Dean McCully, cut the Auditor's budget by $535,000. Dillavou and McCully then entered House Bill 722a as a $535,000 emergency appropriation bill for the Auditor. Because the bill had the "emergency clause," Hodge did not have to wait until October 1, the beginning of the biennium, to spend the money. The two bills moved into the Senate on April 21 and passed within two weeks. In both Houses there was no debate, and only two House members, out of the 204 members, voted against the measure.

James O. Monroe, a legislator from Collinsville stated that:
The Monkey-business connected with this amending procedure was the cleverest bit of footwork I have ever seen in twenty-five years around the state house. While everybody was innocently or purposely looking the other way, the wheels were made to turn so as to get $525,000 for Auditor Hodge right-away-quick.11

This was necessary because Hodge had bilked his previous appropriation to the point that he would begin to be unable to pay his employee's salaries.

The bill passed on May 10, and was signed into law by the Governor, at which time it went into effect. On May 15, a month and a half after the legislation was entered into the General Assembly, Hodge wrote the first batch of his forged checks totaling $519,000, almost the exact amount of the emergency appropriation.

For the most part, Hodge had nothing to fear from the media, which he was able to control for four reasons. First, Hodge's charming personality led no one, including the media, to suspect that he was involved with any wrong doings in Springfield. Hodge was almost universally liked by the press corps. He would keep on a first name basis with the newspaper reporters and would drop by the press room to exchange pleasantries. Then he would depart with the words, "If there's anything I can do for you, you let me know."12

Hodge's friendly nature certainly prejudiced the Springfield press corps in his favor. Tom Littlewood, who was a member of the Springfield press corps at the time of the scandal, states that the "Springfield reporters express the point of view that friendships unavoidably influence the reporter ... 'I've found that it can be a real disadvantage to know them too well, because you really can't be objective when you are good friends.'" He added that the atmosphere of fraternaism places the reporter "... in danger of forgetting for whom he is reporting ... As a practical
matter, it isn't always easy to view objectively this morning's deeds by last night's drinking companions." A close relationship with Hodge meant quite a lot to a Springfield reporter because they "... thought he would be elected governor. If he had been elected governor, it would then be important to have him as a trusting source."¹³

Relationship with the St. Louis papers was less certain since they had some information into Hodge's gambling connections. Unfortunately, it was never substantial enough to print. Even if they had printed what they knew about Hodge, it is doubtful that much would have come of it. Basil Walter, editor of the Chicago Daily News and the man to receive the tip on Hodge, commented, "Would you suspect the most popular man in your state? Hodge had one hell of a reputation."

Hodge's second method of controlling the press was through dispensing favors and thus building allegiances. He often bragged about his close relationship with key newspaper editors in Chicago. This relationship was built because Hodge was able to dispense patronage and aid in the passage of bills which the papers had an interest in. One such occasion occurred when Hodge helped lobby through a bill to get a convention hall for Chicago. The Tribune had pressed the bill with such persistence that "the proposed edifice became known in the legislative halls of 1953 as 'Tagge's Temple,' out of regard for the chief Springfield reporter for that paper."¹⁴ The Tribune was particularly indebted to Hodge because of the close relationship between Hodge and Tribune reporter Johnson Kanady. "Kanady's friends were given jobs in Hodge's office. Kenny Olds (Hodge's publicity agent) was Kanady's patronage" as was Bill Day, Hodge's executive assistant.¹⁵ Hodge had also hired the publisher of the Galva News, John
T. Nowlan, on a part-time basis as a public relations man. For this service, he received one state check for $680.00 and another for $668.00. Hodge further cultivated the press by throwing lavish parties out at his Springfield home. At the end of the evening, he would raffle off prizes of sizable worth. The guests who were lucky enough to win would receive such things as a case of whiskey, a new TV set, a new set of luggage, or a traveling kit with a $100.00 bill tucked into it. If Hodge threw a stag party for the newspaper reporters, he would send flowers to their wives so that they did not feel left out. Christmas would bring more gifts which most of the newsmen would gladly receive. Even Daily News reporter, George Thiem, who eventually cracked the case, accepted a $30 navy blue sweater for Christmas 1955.

For the most part, these two factors served to mute any investigations into his dealings, but when this failed, Hodge could simply deny access to the desired records. The Morey-Jenner-Rendelman report explained the manner in which Hodge "interfered with the right of the public to inspect public records."

The Auditor's office had, not only during Hodge's term, but also for some time previously, refused general requests for public inspection of records of the office. A limitation had been placed on the disclosure of information by requiring the person who requested the information to specify the precise records he wished to see. The particular record was then drawn from the files and made available. This practice made the initial investigation into irregularities in Hodge's office extremely difficult, and in fact, almost prevented public disclosures.

For Hodge to succeed as a politician, he knew he had to have "good press," and a lot of it. For this reason, his office was generally very amenable to requests. Littlewood described the process of receiving a
voucher from the Auditor's office. "I, as a reporter who wanted something, would make a request through Olds [Kendall]. He would get the vouchers from the voucher clerk." If a news reporter had to go back into the warrants section, it would be "like going into a dusty 1880s library somewhere," said former newsman, Bill Schaub. The reporter would go in and ask Robert Rietzler to see a piece of information and he would go back and pull the ledger. "He knew almost every line of it. He would go through with a pencil and check several lines and say, 'I think you'd like to see these, these, and those.'" However, if there was something that he did not want you to see, you did not see it. Rietzler would go back, look at the ledger, and if he deemed it ill advised to show you a particular item, he would say in essence, "There's nothing there of any interest. Why don't you take a look at these instead?"21

The final reason for Hodge's ability to raid the Illinois Treasury without press intervention was the journalistic moral climate of the time. Hodge was able to live the life of the "playboy auditor" without inspection because many of the things Hodge was into were not fair games for the reporters.

Although he had numerous extramarital affairs, and although "everybody" in the press knew, "back then you just didn't print that . . . it was just the way politicians operated." Hodge's increase in wealth was neither reported nor investigated. "You had investments--nobody looked too closely."22 In addition to this, the press was not so foolish as to think that Hodge was "simon-pure," but that proved to be to his advantage. Many Illinoisans at that time had tacitly accepted the fact that all politicians were crooks.
The basic assumptions of the uninformed electorate about their rules are that they are all thieves, that those who are in office are inevitably corrupt, and that, while those one puts in office to replace them will also be corrupt, it will take them some time to attain the level of corruption that the current crop of office holders have already achieved.23

If the state was to have a crooked politician, it might just as well have been affable Orville Hodge. The Springfield press corps believed that most politicians were on the take one way or another, and if there had to be thieves in state government, why not have it be generous, "Good Ole Orv." One former reporter stated that the American citizenry pays its politicians such abysmally low salaries, because we feel either overtly or covertly that they are all on the take one way or another.

For the reasons stated above, Hodge was able to receive incredible consideration in matters which should have gone against him. It is interesting to note that Hodge successfully muted criticism by dispensing the same type of favors to all of the aforementioned groups. The Governor received favorable legislation, as did the Tribune. The newspapers were able to receive patronage appointments, along with various legislators. An overriding factor which influenced each of these groups was Hodge's potential vote-getting ability. The politicians would not wish to alienate someone who might be governor, and the media felt that if, or rather when Hodge became governor, he would be needed as a source. This Springfield feeling, "I'll scratch your back, you scratch mine," or more accurately put, "You don't knife me in my back, and I won't knife you in yours," created a balanced political environment. Those who were in power would stay there, and those who were out of power would be kept there because none of those who were in were "Simon pure"—news media included.
This system perpetuated itself because an assault on one "in" was viewed as an assault on all of the "ins". The system was self-perpetuating because everybody owed allegiances to everybody else for one reason or another. This being the case, it is manifest that if there is an attack on one link of this interlocking chain of favors, then the whole thing might come undone. In other words, both political parties, the legislative and executive branches of government, and the news media, all had a stake in preserving the status quo. To this end these supposed enemies will cooperate. Cooperation which stemmed "from a pragmatic recognition of their common interests from an awareness of the common danger to them from the electorate, and from an instinctive understanding of the danger of reform to all of them."[4]

The Auditor's Office

As Auditor, Hodge controlled the payment of bills, the administration of the Unclaimed Property Fund, and overseeing the state's financial institutions, among other duties. These three functions provided Hodge with very significant leverage, which he used for his self-aggrandizement. Old newspaper man, Burnell Heinecke, said, "Hodge found a loophole and drove a train through it."[5] This loophole was in the bill paying procedure which was in place at the time that Orville Hodge was Auditor. This system facilitated embezzlement and other improprieties for anyone desiring to take advantage of them. Hodge took advantage of them.

Under Article 4;17 of the Illinois Constitution of 1870, which governed the actions of all Illinois until 1970, expenditures from the Illinois treasury could only be made by means of a warrant. A warrant was similar
to a specific account only. For warrants to be issued from an agency other than the Auditor's office, a voucher would have had to be sent from the agency to the Auditor, who would then check to see if sufficient funds were available in the appropriate accounts, and if the voucher were mathematically accurate.

A warrant was prepared in line with the amount and account designated by the voucher, and then it was sent to the Treasurer's office. This office did not check the voucher against the warrant, but simply rechecks to make sure that it was drawn on the appropriate account, and that there was a sufficient balance in that account. If the aforementioned conditions existed, the Treasurer countersigned the warrant, and returned it to the Auditor for distribution. The countersignature did not signify that the transaction was valid, but just that it was made out of the appropriate account where an adequate balance existed. Upon receipt of the signed warrant, the Auditor's office would then mail the check to the proper recipient. Because the Auditor made out the warrants, checked to see if they were vouchered, and mailed them out, it was possible for Hodge to contrive vouchered warrants, payable to a dummy company, or a company who did not deserve the payment, and then, instead of mailing out the warrant, simply keep and cash it for himself. After the warrant had been processed by the bank, it would come back to the Auditor's office for filing, at which time a bogus warrant would be destroyed.

Shortly after Hodge took over this bill paying duty as Auditor, Edward Epping of the F. M. Mersinger Company was appointed to the position of Office Administrative Assistant, and before long, Epping and the
Mersinger firm were controlling the Auditor's office. To look at him, Epping looked sharp and was a man of few words. He was described by Ralph Schlitz thus: "... a very sharp dresser—Dapper Dan—well-dressed, well-groomed, well, kind of silent. I mean, he didn't have much, well, maybe he would have to somebody else, but we never had any long conversations." Epping was born in Granite City (Hodge's home town) on September 8, 1918. He went to Hodge's high school, and then moved to nearby Lebanon, Illinois. Epping passed his state board examinations in 1940, and from 1941-1943 he worked for J. W. Boyle & Company of East St. Louis. Boyle was the auditor for Frank Hackethal's Harlem Association, which was a company that ran a "policy" or "numbers" game. Because of Epping's tie to criminal elements, some felt that he was placed in the Auditor's office by the gangsters to watch and control Hodge.

Epping and Hodge met through Epping's accounting partner, F. M. Mersinger, in March or February of 1953. The object of this meeting was to find someone in the Mersinger firm who would help set up the Auditor's office for the incoming Hodge. The original agreement was for $100 a day for about thirty days, but when this became too expensive, the rate was renegotiated for $1,000 a month which was paid to the firm. Epping received his salary from the Mersinger firm "only to the extent that he participated in the firm profits."

Although Epping maintained that the $1,000 was the total amount of financial compensation received from the Auditor's office, the audit of Hodge's thefts turned up a different story. Epping received $9,959.34 worth of stock in an unidentified company on October 5, 1954. The stock was purchased with a forged check made out to Key Advertising Inc., St.
Louis, Missouri. He sold his stock when the scandal was breaking between July 10 and 16, 1956. Epping also received $4,000 worth of oil lease from the John Stelle Associates, Eldorado, which were purchased with state funds. It was also disclosed that Epping received a total of $3,750 from the Brown Envelope account to retire the mortgage on his Lebanon home. The money was withdrawn on August 18, 1955, along with two cashier's checks for $343 and $907. The $343 check was added to a $1,600 check, also drawn on the Southmoor Bank, and the total amount was used to pay off a debt for some remodeling work Epping had done in his basement. The cashier's check for $907 was made out to the same man who received the $3,750 payment, Andrew Ladda.

There were other Hodge employees who were able to cash in on the Auditor's good fortune. Lloyd Lane, Hodge's payroll clerk, estimated that there was $2,000 a month paid out to "ghost payrollers" or individuals who receive pay in exchange for no services rendered. Hodge padded his payrolls with relatives, friends, and friends of friends. He put his caretaker, housekeeper, and servants on the payroll along with his airplane pilot. For example, David Edelson was on Hodge's payroll for $275 a month. When a reporter asked him what he did, he replied that he "handled radio and TV releases. I send out nine or ten releases a month to 50 or 60 radio stations."

During the 1952 primary, Victor Struppa was hired away from the Union League Club by Orville as a $100 a week chauffeur. After Hodge was elected, he put Struppa on the state payroll at $450 a month. Kenny Fischer, Hodge's pilot, was also on the Auditor's payroll as a $400 a month clerk. These employees were so grateful to be on the Auditor's
payroll that they kicked back some of their salary to Hodge. For some, this was voluntary, like Stanley Dargus who felt that this was necessary for the preservation of the "organization," but others were forced to kick-back their salary.

Other payroll abuses occurred in the manner that Hodge paid employees out of travel and expense accounts. If an employee had worked overtime, Hodge would have a travel voucher drawn up and then pay the employee in that manner. These vouchers were in a lump sum and unitemized, as was the general practice of the day.\(^{41}\) When an employee in the Auditor's office asked the voucher clerk, Cleo English, who had worked in the Auditor's office for 23 years, how much itemization was required, she said, "I wouldn't itemize it too much, the Supreme Court justices don't. I don't know why anybody else should."\(^{42}\) This practice did not cease until after the Hodge scandal broke. At this time, the Attorney General sent in an unitemized voucher, and the Auditor's office sent it back asking for an opinion on its legality. The Attorney General conceded that it was "illegitimate" and resubmitted the voucher, thus setting precedent for future itemization.

Another misappropriation of Auditor's office funds came in the manner in which Hodge would pay employees with travel vouchers. Hodge invoked this practice of overpayment when an employee would come in asking for a raise. "I can't give you a pay raise," Hodge would say, "but I can pay you on an expense account."\(^{43}\) This practice of payment involved about one hundred of Hodge's five hundred employees who were overpaid with monthly checks of $50 to $200, theoretically for expenses. 'Actually to seal lips,' says Thiem, and to dull curiosity."\(^{44}\)
As Auditor, Hodge was supervisor of several private financial institutions: State banks, savings and loans associations, credit unions, currency exchanges, trust companies, pawnshops, cemetery care trusts, Title Guarantee companies, and businesses transmitting money to foreign companies. Hodge used his influence over these institutions to receive favorable consideration for several loans to legislators, his wife and himself.

At one point, Margaret Hodge had over $68,000 in loans from the Southmoor Bank at 3 1/2% interest. This was cut back soon after the loan was made because it had exceeded the bank's $67,500 debt ceiling. In addition, Orville received a $60,000 loan at 3 1/2% interest to the Alton Woodriver Development Company, in which he had an interest. Another more substantial area for achieving personal gain at the taxpayer's expense came from the Unclaimed Property Trust Fund.

When Hodge took office, one of his first official acts was to audit the liquidated Financial Institution Fund. After reviewing this fund, it was found that the administrator of it, J. W. F. Smith, had charged the state $173,369.85 from 1947 to 1952 for so-called "letter contracts," over and above his regular salary. This worked out to an average cost of 53 cents for each check Smith sent out to people who had lost their money.

This fund was established to hold monies of banks that had failed pending redistribution to their rightful owners within one year of the failure, had billed the state in a questionable manner. Smith worked in the Closed Bank division and Currency Exchange division of the Auditor's office for 18 1/2 years.
When Hodge discovered this, "He called me [Smith] in and said he was very displeased with the way it was handled and he said he didn't think that it should have been handled that way, and that he was going to make some changes." In addition to this, Smith received approximately $9,600 a year as a regular salaried employee.

Shortly thereafter, Smith quit, thus creating two circumstances favorable to Hodge. First, this eased out someone whose trustfulness would have been questionable when Hodge started to misappropriate funds from the trusts. And second, although Smith was overbilling the fund, he was auditing it on a yearly basis, which would have precluded Hodge's long term thefts of these funds.

With the trust funds firmly in his grasp, Hodge could begin embezzling the money. Beginning on December 10, 1953, and for the eleven months subsequent, Hodge made a series of fraudulent withdrawals from a new account in the Springfield Marine Bank. The account was the product of deposits made from the 167 separate Unclaimed Property Trust Funds which were withdrawn from the Northern Trust Company of Chicago. The $379,136.60 of funds which had been withdrawn from the Springfield Marine Bank were deposited in the Southmoor Bank's Brown Envelope account. The $105,798.77 balance was obtained through purchasing cashier's checks or drafts drawn on the Southmoor Bank or by that bank on another.

On January 19, 1953, Hodge opened an account at the Southmoor Bank and Trust Company into which he deposited the trust funds merged with $12,715.64. $27,476.00 of the trust funds paid out of the Springfield Marine Bank and placed into the Brown Envelope account were done so under the guise of legitimate expense payments for the distribution of trust funds.
The Auditor's control of the banks yielded him inordinate profits from the Elmwood Park Bank. Hodge closed this bank on April 11, 1953 on the grounds that the bank had been selling too many discount notes to Banker's Discount Corporation of Dallas. Ex-Governor Dwight Green was working on raising enough capital to reopen the banks. When Green and his associates had difficulty raising the capital to reopen the Elmwood Bank, Hodge offered to purchase 3,500 shares at $20 a share. The stock was purchased under the name of Paul Flemming, who worked for lawyer J. Roy Browning. Browning was at this time working for the Auditor's office in the reorganization of the bank. The $70,000 was raised from a $20,000 loan made to Hodge in the name of Paul Flemming. The remaining $50,000 was loaned to Hodge by Mr. Stuart Colnon.

In June of 1955 Hodge purchased an additional 7,865 shares in the bank at a cost of $226,085. Prior to purchasing the stock, Hodge had his office, as was the custom, make an analysis of the bank's assets. Warren Smith was the purchaser of this second group of shares for Mr. Hodge. When the stock was sold, Hodge realized a profit of $70,905. This amount probably could have been higher, but Hodge needed the cash immediately to try to shore up the funds he had embezzled, and thus, did not hold out for as high a price as he might have.

The lion's share of Hodge's embezzled funds came from the issuance of fraudulent warrants, either within his office or with the aid of the Southmoor Bank. This type of theft can be broken down into two types: 1) Warrants issued in the names of persons not entitled to the monies, and without their knowledge that the warrant was drawn in their name, and 2) warrants issued for vendors who were entitled to the money, but in
excess of the amount due them. In the latter case, the vendor would either receive the legitimate amount in cash, or in a deposit directly into their account with the excess going to Hodge.

The first method of thieving was very simple. Hodge would make out warrants payable to people who did legitimate business with the state, but did not deserve the money. He would then cash the warrant and keep the proceeds. Very often these people were friends of Hodge also, so that when he needed to cover up his malfeasance, he found some very cooperative individuals.

An example of the second scheme is seen in the manner in which William D. Lydon received payment for his work as an interior decorator on the State House and Hodge's Springfield home. Upon completion of the project, a warrant for $36,000 was drawn up and, of this amount, $21,000 was put directly into Lydon's account at the Southmoor Bank, with the remaining $15,000 going to Hodge.

He was able to pay Lydon out of funds that had been appropriated by the 69th General Assembly for the purpose of renovating the State House. Hodge realized that this money was there, went to the Commission and argued successfully that he should receive some of the funds for remodeling his office. He told the commission that he received unforeseeable structural difficulties in remodeling his office, and thus had exhausted his money that had already been appropriated for this purpose.

Hodge advertised the contract in the Rockford Star. Three sealed and supposedly competitive bids were received for the work, but actually the figures were suggested to the contractors by William Lydon. Lydon went to Elmer J. Bretz, E. R. Jones and H. H. Crost Co., and informed
them what the appropriate amount would be. The bidders complied because they had already been rendering services, and were led to believe that had they not participated, they would not have been paid. When the State House Commission opened up the bids, Elmer J. Bretz was low bidder at $88,878.28, and he was awarded the contract. Hodge and Lydon delivered a contract to the Commission with Bretz's forged signature. The Governor assigned Louis H. Gerding, State Architect, to supervise the work, but because of a lack of blue prints, he backed away from the project. He in turn assigned the work to Burman "Bud" Fisher, but Fisher was not needed, Hodge said.

Lydon took over the work, at Hodge's instruction, and then Hodge and Lydon were able to falsify documents in support of services not rendered. Bretz, who received the contract, did some of the work, but most of this went to Lydon along with the illicit gains.

Hodge's Embezzlement of State Funds

"Perhaps the most sensational aspect of the Hodge case was the disclosure that fictitious, forged or otherwise fraudulent warrants which were in effect checks drawn against state funds were issued and cashed by Mr. Hodge."

This scheme was so sensational that neither he nor his administrative assistant, Edward Epping, was able to simply wake up one morning knowing how they could embezzle $1,024,679.32. Instead, these two men (and particularly Epping) felt the system out, looking for ways that they could turn it to their best advantage. For example, early in the administration, Epping had criticized the use of the state's voucher system. He said, "This
is bad accounting because anybody could make up a fictitious company and put in this claim." William Day responded, "What do you mean? You could get a letterhead printed that's fictitious too, you know, and put in a claim or billing form that's fictitious." And to this Epping responded, "That's true, but it would take a third party to print such a phony form and somebody would know about it." To avoid this problem, Hodge chose participants who trusted his word. If he asked them for some letterhead, these individuals would supply it without asking embarrassing questions.

About this time, Hodge and Epping sent through a phony warrant under the guise of a clerical error. The warrant was for a fairly nominal sum, in the old double bill paying scheme. When the warrant came back, there was some debate as to what should be done with it by the employees who were unaware of what was going on, but eventually it was cashed "and probably applied by Hodge to some expensive design. More importantly, I think some of these experiences showed Hodge that he could get away with it."69

When Hodge confessed to George Coultrakon, Sangamon County State's Attorney on July 18, 1956, he explained that he needed the large sums of money because:

A. As I recall it, we [Hodge and Epping] were discussing a program of getting ready for a political, I would say a political--what would you say?--political campaign.70

He went on to explain:

A. . . . (I)t was necessary that I raise some money, I did not have any way to get any; that I never had a fund or asked employees for any money from kickbacks from any payrollers of any kind, and this idea was sort of hatched at that time I suppose.71

This, of course, was untrue. Hodge had demanded kickbacks and the
embezzling had begun in May 1953, but this account at least reinforces the belief that the two men did not just sit down with the intention of figuring out how they could embezzle large sums of money.

Sometime after Hodge and Epping had this discussion, Epping went into Hodge's office with the specifics of the scam. He told Hodge that he had some warrants that he thought he could cash that were payments on services rendered and materials purchased. To do this, however, Hodge would need a willing banker, with enough power in the institution to put through the checks in what would be an unusual manner. Hodge found this person in friend Edward A. Hintz.

Edward Hintz had had a distinguished career in banking when he was asked to go to work at the Southmoor Bank and Trust Company located on Chicago's south side. Leon Marcus asked Hintz to come in as a vice-president because it was assumed that he would be good for the bank's business. Assistant Vice-President and Cashier, Cyril James Skidmore said of Hintz, "He had been in banking for years. He was a man well-known in Chicago; yes, even the State of Illinois. He was a member of the Boxing Commission and had been a judge at many fights." In addition to this, he had been treasurer of the Illinois Athletic Club from 1947 to 1953, was vice-president in 1954, and president of that organization in 1955. Although they had only been acquainted for about a year, Hintz and Hodge were good friends. "I suppose I took advantage of his friendship," Hodge said, "I took advantage of Mr. Hintz. I said so in court, and have tried to help him since the scandal broke because of the way I treated him." Based on this friendship, Hodge felt that he could ask Hintz to do him a favor and cash some warrants which he said should not have gone through the proper channels.
Another factor which put pressure on Hintz to cooperate was Hodge's power as Auditor to close any bank in financial trouble. And at this time, the Southmoor Bank was in trouble. "The bank had excessive loans. Leon Marcus (the bank's owner) made commitments to the point where we never knew where we were." Marcus was a member of the "Jewish mob" who was shot to death on March 31, 1957. In Marcus' pocket was a receipt showing that Sam "Mooney" Giancanna, the heir to the Capone empire, had borrowed $150,000 from Marcus to finance a motel at 6400 River Road in Schiller Park.

Marcus owned controlling interest in the bank and was able to force "bad loans" on it. Although apparently Hintz was the only contact Hodge had at the bank, Hintz thought that Hodge and Marcus might have had "some negotiation" between them" with regards to the operations of the bank. In order to convince Mr. Hintz to go along with the deal, Hodge made a call to Hintz at the Southmoor Bank, and explained to him:

"... that a contract would be let for a certain amount of money and there was a kickback involved, that the only way the people letting the contract--the State official letting the contract--was assured of his kickback was to cash the check itself or to get the full proceeds of the money or warrant, take the cut out, and see that the company then got its amount of money."

Several months later, Hodge asked Hintz for another favor. What he wanted was an account in which he could deposit the money he received from the bogus warrants. Hodge wanted to then be able to write checks out of this account just like a regular checking account. This account was regular in every respect except that the account would not show up on the bank records. When the checks were returned, the money would be taken out of the envelope where the money was kept. This brown envelope inspired the
name "Brown Envelope account" which became the epithet for Hodge's hidden bank account at the Southmoor Bank. In order to make the records of the bank balance, Hodge told Hintz to take the money out of the account. He said, "Whatever is needed in your balance, why just use that money to make up the checks." Hintz then said that he thought this was irregular and that he would have to keep a record of the checks deposited in or drawn on this special fund. This was begun in December of 1953.

Once the embezzlement scam had been worked out, there was very little variance in the way it operated. Epping made up a list of names and amounts, though once he invented a fictitious name, the regular procedure was to use the names of firms and individuals with whom the Auditor's office did legitimate business. This list would then be given to Cleo English so that a voucher and warrant could be made up. Generally this was done with Hodge's knowledge, but at times, Epping would have a fraudulent warrant drawn up without the Auditor's knowledge. "At first Mr. Hodge said he didn't know whether he wanted me (Cleo English) to see these vouchers," but a close friend of hers said that she could be trusted. The vouchers would be typed up, but there was no record of them because Hodge and Epping would keep "everything under lock and key. . . . They wouldn't even let me keep carbons of the vouchers I prepared," said Mrs. English. The state had two types of vouchers that were used for getting warrants drawn up. "One [was] informative and require(d) exacting information. The other . . . require(d) only the name and address of the payee, and the bill [was] stapled to it." It was this latter form that Epping had Cleo English type up to accompany the bogus warrant.
The Auditor would then process the voucher and warrant in a normal manner. It would first go to the Treasurer for his counter signature, provided that there were sufficient funds. This was rarely a problem since it seemed that Hodge could always manage to receive higher and higher appropriations. With Hodge in possession of the warrants, usual practice would have been for them to be mailed to the proper payees, but Hodge did not do this. Instead, he would have Epping take them to the Southmoor Bank for cashing. Because of the illegality of the process, Hodge would phone and tell Hintz when Epping would be arriving with the falsified documents and what he wanted done with the money. Epping would then board one of Hodge's private planes, sometimes with the boss and sometimes without, and then fly into Meigs Field in Chicago. After he landed, Epping would drive from the airport to the Southmoor Bank, generally with Hodge's chauffeur, Victor Struppa. Because generally Hintz would deal with Epping exclusively, he was in the bank when Epping arrived, but if he had to be out of the office, he would say to his secretary, Carolyn Marshall, "If Mr. Epping comes and I am not here, just have him take a seat and wait for me. I'll be back shortly." After Epping presented the check, or frequently checks, to Hintz, the bank president would hand them to Carolyn Marshall to type on the endorsements. Mrs. Marshall explained that she did this because Hintz was the Senior Vice President, and because he had been in banking for 48 years. She would have never thought that what went on was even unethical, much less illegal grand scale theft.

At first Hintz would tell his secretary, "Remember, Mrs. Marshall, these checks must have all typewritten endorsements . . . no handwritten signatures." But due to the number and frequency of the warrants, she
soon knew all too well. She would type "for the deposit and credit of" and then the name of the payee of the check. The checks signed "Orville Hodge," "M. Hodge" (Orville's wife was Margaret) and "Orville Hodge" with the initials "E. E." or "L. Epping" underneath it. Mrs. Marshall would then return the check to Hintz.

After the endorsements had been affixed to the checks, Hintz would say to Secretary Marshall, "Have Ralph come to my office"--Ralph is Mr. Schlitz--and I would either call to Ralph--he wasn't too far from my desk--or get up and get him and bring him back, ask him to come back--Mr. Hintz wanted to see him. And then he would say, 'Will you please get me the cash on these?' If the check were large, he would add, 'Get me large bills for these.'

Hodge's "Brown Envelope account" consisted of a white, letter size envelope inside of a larger brown envelope which had "Property of Mr. E. A. H." (Edward A. Hintz) written on it. Generally speaking, the Brown Envelope contained a cashier's check instead of the actual cash so as not to tie up as much as $35,000, which was in the account at one time. However, cash was kept in the envelope, and sometimes it was as much as $10,000. This envelope combination would then rest inside a metal box which was used to hold currency, any notes, and late payments that had come in right at the end of the day. The envelope was not sealed, the box not locked, and Schlitz and the other teller in Schlitz's cage had access to it. After Hintz received the money from Schlitz, he would count the money back to Epping in order to insure the amount was correct. Epping would take the money and go out the door--as simple as that. The scam was so easy that Hodge and Epping became obsessed with forging the vouchers and warrants.
Secretary English said, "At first the thing wasn't so bad, but toward the end they got bolder and Epping was running in every five minutes, it seemed, asking me to prepare a voucher. It got so I couldn't do my own work. I guess they got greedy." Not only did the frequency of embezzlement increase, but the amount that they were taking in one shot was growing too. This necessitated a slight change in the manner in which the money was received.

One such altered check cashing scheme began on October 13, 1955. It was on that date that Hintz told Ralph Schlitz that the next day he was to meet Epping at Meigs Field, and then go to the First National Bank of Chicago, where Southmoor had an account, to cash the $85,000 in checks. There were four checks: two were made out for $10,000, one for $15,000 and one for $50,000. Before Schlitz left, Hintz wrote a letter directed to Mr. Verne Bartling, Vice-President at the First National Bank, informing him that Ralph K. Schlitz would be presenting a bank draft for $85,000, would he please honor it, and that this was a specimen of his signature. The letter and bank draft for $85,000 were put into an envelope, which was then closed and the bank's seal was affixed to it. Hintz had told Ralph Schlitz that he was to meet Epping's plane at 11:30 a.m., so at ten minutes past the hour, he got into his car and made the 20-minute drive to the airstrip. The plane did not come and Schlitz waited there, alone, until about 1:30 in the afternoon when Victor Struppa drove up in a black Cadillac limousine with license plate number 4. The bank representative explained that he was waiting for Epping, and Struppa, Hodge's chauffeur said that he was waiting for "the boss." Fifteen minutes later, Orville Hodge and Edward Epping stepped off of Hodge's airplane, and then walked into the waiting room where Hodge and Schlitz met for the
first time. "'This is Ralph Schlitz from the Southmoor Bank,' Epping said. 'Hello, how are you?' was all that Hodge said. Schlitz thought that the Auditor came off as a 'polished' politician, very well groomed, and self-confident."

The First National Bank closed at 2:00 that afternoon and so the little group walked swiftly to the waiting limousine. As the four men walked out into the October day, they were met by the raw weather of autumn and one of Chicago's biting winds, giving substance to the fact Chicago is "The Windy City." "This is for Ike Volz or you, I don't know which," Hodge said, as he handed the chauffeur a green suit box. "I also have a package for the other one," he added as the automobile pulled away from the curb.

"You're going back to Springfield?" queried Hodge. "Yes, I'm going back to Springfield today," answered Epping. Then Hodge instructed the chauffeur to "Let me off downtown" at the Auditor's Chicago office.

It was just prior to closing time when the Cadillac drove up to the Clark Street side of the First National Bank. "Have you had lunch yet?" Epping asked Struppa. He hadn't so Epping told him, "Well, you better go get some. Bring me a sandwich back. We'll be back in a few minutes."

Schlitz walked into the bank up the stairs and approached the bank's Vice-President Bartling, with Epping following six or eight paces behind. "My name is Ralph Schlitz. This is from Mr. Hintz" was all that was said. The letter of introduction was presented and read by the vice-president. At this juncture, the assistant cashier jumped up and said, "Can I help you?" and Bartling said, "Take care of this" and handed the letter to the cashier. Ralph Schlitz explained what happened next:

Then I went along with the assistant cashier, side by side. We stayed on the second floor of the bank, went to the other end of the banking floor on the right hand side, went
around in back to what is called the Brink's or currency depart-
ment on that floor. He presented the letter to the teller. The
teller looked at it, read it, and then he got it back. Then he
said to me, "Well, sign it." So I signed it. And that compared
with the specimen signature that was under our bank seal. The
guy gave me large bills. I stood right there and counted them.96

Schlitz took the 50, 100 and 500 bills, slid them into the inside
breast pocket of his suit, turned, and walked back downstairs with Epping
still trailing by a good six or eight feet. "Do you have a body guard? Is
that your body guard behind you?" the assistant cashier called out nervously.
Schlitz said nothing. He walked directly to the waiting limousine in the
precise location at which it was left.

Schlitz and Epping climbed into the car, and then Struppa handed Hodge's
agent a sandwich and a paper carton of milk, which he then proceeded to
consume. The chauffeur then drove the car back to the airport. Epping
was carrying a small, hard valise that he now opened and pulled out the
$85,000 in bogus warrants, saying, "This is what you want. Here are the
checks." Schlitz checked them for dates, amounts, and to see that they were
endorsed properly. When he assured himself that the warrants were made out
correctly, he gave the money to Epping who placed the $85,000 in his suit-
case without counting the bills.97 Schlitz stepped out of the limousine
and went back to his car. He drove back to the bank, and because he did
not arrive until after the 2:00 closing time, the warrants were not
processed until the following Monday, October 17.98

The warrant could be processed normally, but when Hodge wrote a
check on the Brown Envelope account, it had to be processed very differently.
As was explained at the Senate's investigation hearing, the payment of one
of these checks against the account worked this way:

After a check was cashed at Hodge's Granite City Bank
or some other bank, the check would clear the Federal Reserve
Bank and then go to a "direct correspondent" bank. This bank
for Southmoor Bank was the First National Bank in Chicago. After the check cleared this bank, it would return to the Southmoor Bank. The sorting clerk would then find that there was no account to correspond with the check, so it would be taken to the head bookkeeper, Tom Griffin, first, and then later, William Tingle. The bookkeeper would then take the check to Hintz or Schlitz who would in turn pass it on to Hintz. Hintz would say to Schlitz, "Take the money out of the envelope," which he would do in payment of the check.

The next step was to credit the amount to the commercial books of the bank. Therefore, there would be a lowering of the First National Bank balance, and an increase in the Southmoor Bank's cash. Because in Hodge's case, the returned check would have no corresponding account, after the checks came back, Hintz recorded them in, what was described by Ralph Schlitz, as the following manner:

... It was a black bound book about, oh, 12 to 14 inches in length, I would say, and 8 to 10 inches in height, called previously in banks before there were bookkeeping machines—they used to do all the entering by hand as any other business did—in what was called a Boston Ledger, meaning a bound book. All the debits and credits were put in that, and the customer's balance was carried in that book. That is what this was.

The ledger had "People's Trust and Savings Bank" printed across the top of every page. (Hintz worked in this bank from 1910 until it was liquidated in 1932.) When the ledger was received by authorities, the sheets had been torn out, and the heading at the top of each page had been cut off.

Conclusion

Hodge recognized the areas that could have been a threat to him, and he used his talents in these areas. The Legislature's oversight function could have been a threat, but these were his old buddies. The new legislators, on the other hand, needed the loans he could distribute, and thus he received virtually carte blanche in that body. The Governor could have made it rough for Hodge, but Stratton needed Hodge support, and thus, it was in their mutual best interest to look the other way. The
press was Hodge's greatest potential threat. If they found a good story (which they eventually did) it could be disastrous to him (and it eventually was).

With no fear from external checks and balances, Orville Hodge could take advantage of the lack of built-in checks and balances. He was able to exploit travel allowances, the Unclaimed Property Trust Fund, the Illinois Budgetary Commission without a grand scheme. However, to engineer the enormous thefts, Hodge worked out a grand embezzlement plan. Hintz's unswerving trust in Hodge, and his general acceptance of a corrupt system, facilitated Hodge's misdeeds. His other greatest ally was the general ignorance of what was going on in the scandal. Even Hintz was unaware that he was a major link in Hodge's embezzlement.

In retrospect, it seems almost impossible that there were so many individuals who were a part of the scandal, who did not question what was going on. Is it possible that they had no idea that something was amiss? Added to this was Hodge's lifestyle, which should have piqued the curiosity of a multiplicity of formal and informal investigative bodies. Is it possible that these bodies did not know that Hodge was involved in some improprieties? And if Hodge's deeds were so well concealed that no one else could see what he was doing, was there anything that could stop Orville Hodge from becoming "one of the giants of political crime?" Yes, there was, but Hodge would not go down to defeat without a fight.
CHAPTER 4 NOTES


2 There are more subtle distinctions, but these are not necessary for the purpose of this paper.


6 "Link Hodge to W. Sid Blec," Chicago Sun Times, 1 August 1956.

7 Illinois, Revised Statutes (1955), Chapter 15, paragraph 35.

8 Ibid., Chapter, 127, paragraph 195.


10 Representatives who opposed the bill were Paul Simon (D-Troy) and Ralph Stephenson (R-Moline); James O. Monroe, "Gov. Stratton's Responsibility In State Appropriations and His Role in The Hodge Case," Reprinted from the Collinsville Herald of 1 August 1956.


12 Interview with Tom Littlewood, University of Illinois, Urbana, Illinois, 8 March 1983.


15 Interview with Tom Littlewood.


20. Interview with Tom Littlewood.


22. Interview with Tom Littlewood.


24. Ibid., p. 211.


26. Illinois, Revised Statutes, Chapter 127, paragraph 146.


28. Illinois, Revised Statutes, Chapter 130, paragraph 11.


32. Ibid., p. 1191.


37 Ibid.

38 Joan Metzger, "Lane Tells of 'Invisible' Payrollers," Illinois State Journal (Springfield).


40 "Ex-Chauffeur Won't Reveal Hodge Payoffs," Chicago Tribune, 28 October 1956.

41 Lloyd Morey, Albert E. Jenner and John S. Rendleman, p. 25.

42 Interview with William Day.

43 Ibid.


45 Illinois, Revised Statutes, Chapter 161, paragraph 101.

46 Ibid., Chapter 32, paragraph 101.

47 Ibid., Chapter 32, paragraph 496.1.

48 Ibid., Chapter 161, paragraph 30.

49 Ibid., Chapter 32, paragraph 287.

50 Ibid., Chapter 32, paragraph 332.

51 Ibid., Chapter 21, paragraph 64.1.

52 Ibid., Chapter 76, paragraph 478.

53 Ibid., Chapter 571, paragraph 1.

54 U.S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 278.


57. Ibid., p. 793.

58. George Thiem, pp. 159-60.


60. Ibid., p. 323.

61. Ibid., p. 321.

62. Ibid., p. 326; Smith was an insurance man in Chicago at this time.

63. George Thiem, p. 171.

64. Lydon was also a Chicago City policeman at that time, who was supposed to have been guarding Cardinal Stritch, instead of doing work for the state. It was also learned that he had been tried for murder, which should have precluded him from being hired under police regulations, but his file was doctored so as not to reveal this.


68. Interview with William Day.

69. Ibid.


71. Ibid.


74. Ibid.

76 Conversations with Cyril J. Skidmore, South Holland, Illinois and Wolverine, Michigan; George Thiem, p. 146.

77 Sandy Smith, "Hintz Denies Hodge Plot in Parole Plea."


81 U.S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, pp. 341-42.


83 Ibid.


86 Ibid.

87 Ibid., p. 832.


89 U.S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 831.

90 Ibid., p. 284.

91 Ibid., pp. 260-61.

92 Ibid., p. 282.

93 Ibid., p. 1220.

94 "Aide Calls Hodge 'Ladies Man' Who Liked the Girls Young."
95 U. S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 269.

96 Ibid., p. 270.

97 Ibid., pp. 226-72.

98 Ibid., p. 277.

99 Ibid., pp. 298-99.

100 Ibid., p. 282.
CHAPTER 5

"INS" VS. "OUTS" AND THE BATTLE TO UNCOVER THE SCANDAL

. . . [T]he assumption [is] that the division in our politics is between Republicans and Democrats, liberals and conservatives, poor and rich, and "ins" and "outs." The real divisions in American politics may well be between the "ins" of both parties, who band together against the "outs" of both parties.

Probably one of the first questions asked after the scandal broke was this: "How was Orville Hodge, a very visible public figure, able to carry on with the taxpayers money in the manner he did, and associate with the people he did, without raising the least suspicion?" The answer to the question is, "He was not able to do this." But then why was he not stopped?

The answer lies in the classic battle between the "ins" and "outs" of the political milieu. Hodge was an "in," and therefore, other "ins" would work to insure that he stayed there. If one "in" is pushed out, the "outs" may see ways to drive other "ins" out through a "divide and conquer" campaign. With this threat looming over their heads, the "ins" practice an informal collective security--an assault against one is tantamount to an assault against all.

In this chapter, the battle between the system's "ins" and "outs" will be looked at in the context of the Hodge scandal. This will reveal why Hodge's misdeeds were not unveiled sooner, and why it was so difficult for George Thiem, J. Waldo Ackerman, and the other investigators to find out what Hodge was doing.
The "ins" which would be least likely to reveal what Hodge had done were the scandal's primary actors (i.e., Edward Hintz, William Lydon, Edward Epping, etc.) These individuals did nothing although they had knowledge and proof of what Hodge was doing. This was the case because they did not wish to be sharing a prison cell with the Auditor. However, the reason for the secondary actors' inactivity, is based entirely on the concept of "ins" and "outs"--they were in and wanted to stay there. More specifically, these individuals chose not to act because they did not wish to lose their jobs at a time when they had "a mortgage and a family" among other expenses, as Ralph Schlitz said. It was not that these individuals were ignorant of what was going on, but rather they had too much to lose if they went to the authorities.

Those individuals who would have been more inclined to reveal Hodge's operation were not informed of his activities. For example, in the Southmoor Bank the executives who were directly below Edward Hintz were not a party to the scandal, since they would have been more inclined to go to the Bank's Board of Directors, the Federal Deposit Insurance Company, the State's Attorney, or some other authority. This was the case for two reasons: First, for them to go to a member of the Board of Directors could have been done covertly and without suspicion. And, second, they were better established in the banking community and could have secured other employment had they been fired.

Since these "ins" who had some inkling of what was going on would not move against Hodge, one might suspect that an outside investigative agency would act to cease Hodge's thieving. This did not occur, although several investigative bodies knew what he had been doing.
A brief discussion of these investigations has been included, in order to illustrate the diverse number of areas which could have brought Hodge down, but did not. The underlying reason for the lack of action taken against Hodge seems to be that he was an "in," with possible power of retribution against any outside challenges.

Therefore, it is doubtful that the Hodge Scandal would have ever been revealed in the matter it was if it had not been for three outsiders--State of Illinois Treasurer, Warren Wright; Democratic challenger for the post of Auditor of Public Accounts, Michael J. Hewlett, and Daily News Reporter, George Thiem. Each of these individuals had only to gain from casting some doubt on Hodge's credibility. Wright had been antagonized by Hodge on numerous occasions, but more importantly, he was a political threat to the Treasurer. Hewlett was running against Hodge and needed him to run into some trouble if he were going to make the race close. And Thiem's disenchantment with the state government and the low regard afforded him by his colleagues made it attractive for the reporter to find a Pulitzer winning story about Hodge.

A discussion of the manner in which Orville Hodge's defalcations came to light illustrates the manner in which these outsiders were able to gain enough inside information to put Hodge in prison. This was done in the unbelievable short period of time of three and one-half months, vis-à-vis the six years that the "ins" had know that Hodge was involved in unethical and illegal activities.

Hodge's support from his fellow "ins" came from the legislature, in the form of financial support to help shore up the pilfered Unclaimed...
Property Fund, and from the Executive in the form of gubernatorial inaction after Treasurer Wright informed him that there was something amiss in the Auditor's office. This enabled Hodge to continue to strike an impressive pose, and disclaim the allegations as "pure politics"—an assumption accepted by a majority of the populos.

Hodge's assistance from these individuals almost stopped the progress of the investigation, but George Thiem went on a fishing expedition and caught a wopper of a tip. Although this did not provide the direct link to Hodge, Mr. Fitzgerald's call to the Daily News, at which time he denied any knowledge of the check he was supposed to have received, provided the "smoking gun" that Thiem needed. Although he did not stop trying, once this was found, Orville Hodge began to realize that he had stolen too much too fast to make his cover-up a success.

Orville Hodge and the "Ins" vs. the "Outs"

No man can carry on the way Hodge did without someone, somewhere knowing something. In the Hodge case, there were many uninvolved people, scattered throughout Illinois, who knew a piece of what Hodge had been doing. If all of these people could have been brought together in one room in the Sherlockian tradition, it is not only possible, but probable that what Hodge did would be pieced together.

Hodge made virtually no attempt to conceal his lifestyle, so that when a few bits of evidence were made public, many of these people could add another bit of information to eventually bring down Hodge. For example, when Harold De Silva was approached by Assistant State's Attorney for Sangamon County, Waldo Ackerman, he mentioned that he had been very bothered by a check cashing scheme in which he had been participating.
Ralph Schlitz, on the other end of the scam, knew what was going on and that it was wrong. Cyril J. Skidmore, Head Cashier and Assistant Vice-President of the Southmoor Bank recounted:

About once a month five or six of us fellows from the bank would have a poker game; we would take turns having it at one of the fellow’s homes. We had one such party in May of '56. We would play poker for a couple of hours, then stop for about a half-hour for a couple of drinks and a sandwich or two, and talk. In the course of the conversation, Schlitz made the remark that "if the newspapers ever got the story of what was going on in a certain financial organization, they [the organization] would be in for a lot of trouble." As I recall, no one questioned him, and I don’t think anyone of them thought it was our bank--I know I didn’t. And so back to the poker game. Of course Schlitz knew!

Schlitz explained that he was "just following orders" as would any employee. However, there were some who would have gone to authorities had they found out, and thus the scandal participants worked to diffuse any possible threat by removing them.

For example, at the Southmoor Bank, Hintz worked to remove one of the bank executives who he felt was beginning to understand the operations, and who would have gone to authorities armed with the information. After the scandal broke, the pressure for the executive to leave was arrested and in fact, he became central to the bank’s reorganization.

These people did not go to the authorities because they feared for their jobs or were loyal to a fault. Cleo English, a career employee of the Auditor’s office knew what was going on. She said, "I never questioned Mr. Epping. He told me to pay for things and I paid for them. They paid for a lot of things they shouldn’t have paid for... I thought it was their funeral, but I didn’t think it would be as bad as it is. I didn’t think that they would be that dumb.” But Mrs. English did not report
the matter to authorities because "she didn't think it was her business to."

Ralph Schlitz, who exchanged the warrants for the money when Epping had gone to the bank explained:

... (1) If you were given a direction in the banking business--and the old-time bankers will bear this out--I have an unqualified loyalty to any of my superiors. If they tell me to do anything, I'll do it. And I say that in terms of banking or anything else. In other words, I don't question it--if he gave me something to do, gave me a note to process, gave me a check to cash, I did it, and I didn't ask him why or what for.6

Mr. Schlitz reiterated this more succinctly to the Southmoor Bank Board of Directors. They asked him why he went along with it, why hadn't he said something to them before it went out of control. His answer was, "I was following the instruction of the president of the bank."7

Official investigations pointed to Hodge's illicit dealings with hoodlums from as far back as 1950. It was in this year that Estes Kefauver came to Illinois to investigate the national syndicate. Theodore Link found that the Kefauver investigators were able to show a close connection of Hodge with Frank (Buster) Wortman and Thomas Berry.8 Since phone calls made between Granite City in Illinois and St. Louis across the state line are considered long distance, the phone company had records of all calls that went between Hodge and the St. Louis hoodlums. When the Committee subpoenaed these records, they found that as many as ten calls were made daily between Hodge and the gangsters; but due to the volume of material the Committee had to consider, there was no further investigation into Legislator Hodge.

When Patrick Hogan was murdered coming out of Berry's Club Royal, which was a favorite night spot for Hodge and his wife, it was thought
by some that "there might be disclosures of Berry's affairs leading to Hodge."

The first direct inquiry into Hodge's syndicate connections began a few years prior to 1956 when Treasury agents began investigating the income tax returns of St. Louis area gangsters. They found that Hodge was tied to Thomas Berry through their partnership in J. H. Adamson Inc. This was public information and available in the Illinois Secretary of State's office. H. J. White, who was the Internal Revenue Service's revenue director for 78 downstate counties said, "We ran across Hodge's tracks at a lot of places in Madison County" and in the Peoria area in connection with gamblers.

The agents

... found that Hodge, Berry and Wortman were at one time partners in the Esquire Apartment Hotel and that this group was considering starting a number of gambling ventures in east Florida and Havana, Cuba. This fell through when the Kefauver committee spotlighted the Florida situation.10

The investigation terminated when the scandal broke and all of its information was turned over to Sangamon County State's Attorney George P. Coutrakon.

In February 1956, Joseph Costello was questioned by the St. Louis police in connection with the disappearance of half of the $600,000 ransom paid for the release of six-year old Bobby Greenlease. At this inquiry, Costello boasted that he had just returned from being a guest at Hodge's Esquire Motel.11

Politicians were often shaken by the brazen manner in which major hoodlums would admit to their associations with Hodge. A Madison County real estate man and member of the county housing authority was approached by Elmer (Dutch) Dowling requesting that he be able to buy two acres of
land which were going up for sale. The land was adjacent to Dowling's five-acre estate near Collinsville, and was administered by the aforementioned board. Therefore, he approached this board member and explained that he wanted the land for about one-third of the $15,000 which was deemed fair market price. When the board member said that he would not give it to him for that price, Dowling told him to "forget it" because "we'll have Orville Hodge get it for us." It was later learned that Hodge tried to arrange a deal but failed.

The media was tipped early to Hodge's possible ties with the underworld. A Chicago Tribune reporter interviewed Joseph Costello at the outset of Hodge's term as Auditor and found that he also claimed to have influence with Hodge, and for this reason Costello did not need assistance from the Chicago politicians. "What the devil would they be able to do for me? Our local people would raise cain if we went up to Chicago for a fix. I don't need them--I've got the state auditor."

All of these people had some knowledge of what Hodge had been doing, but none saw it as being in their best interest to act. Lesser actors were afraid of losing jobs, and those who were a part of the Illinois political milieu simply did not want to stir anything up which could come back to harm them politically. Those who were "in" wanted to stay there and those who were "out" did not have access to get to those who were "in." But with access to the "ins" this all changed.

One such individual with access was Treasurer Warren Wright. He was not an "out" in the sense of being outside the system, but he was certainly outside the favor of the two most powerful men in the state of Illinois--
Governor William Stratton and Auditor Orville Hodge. Stratton derived his power from his position, and Hodge derived his from his position coupled with his voting strength. After Stratton had failed to "get" Wright once and for all in 1958, Len O'Connor described their relationship thusly:

It's no secret that Bill Stratton and Warren Wright aren't the best of friends . . . even though they're both Republicans and seasoned political campaigners. Wright . . . committed the unpardonable sin against his boss . . . Stratton . . . in the '56 Gubernatorial primary. He ran against him.14

Wright and Hodge were described as "rivals." They were not enemies, but they were different types of politicians.15 In addition to this, Hodge's "wealth" chaffed Wright. He complained that Hodge had "told me all the time he was working on his second million. He'd been riding me considerably, Senator, because I was working on my first one."16

Democrat Michael J. Howlett was also a political "out" ever since he had provided the tip for the Horsemeat Scandal in 1952. At this time he was head man in the Office of Price Stabilization, and exposed the practice of selling horsemeat as hamburger. This embarassed the Democratic Stevenson Administration. The Democratic Party slated Howlett to run for Auditor against Hodge in the 1956 campaign. This was an obvious suicide mission against the man who would obviously be governor in 1960, but if Howlett could put in a good race, he might once again be restored to prominence in the Democratic Party.

The other "out" was George Thiem. He was "not liked by the bureaucracy, the press, or the politicians."17 An employee in the Auditor's office after the scandal commented, that "one day I was working, and when I looked up there was George Thiem just standing there. He had gone past several secretaries without notifying anyone. He just liked to check on
Thiem was not part of Hodge's clique. He was not well admired and was never part of this party gang at Hodge's house. Thiem's life style was different from that of the other members of the Springfield press corps. He was a Christian Scientist who would never drink. This was very different from the other press members who would indulge in the liquor which was liberally supplied by the politicians of that time. He was described as "straight laced" and "humorless" and a man who felt that there were thieves lurking around every corner in the State House. He was not only a critic of the system, but a very vocal one as well. All you had to do was ask what he thought of politics and politicians and he would be happy to tell you.

Thiem felt that both parties were "infested with greed for the fast buck." To combat the inevitable corruption of the public office, Thiem felt that there is a "need for religious influence and spiritual guidance in matters of state." The church by teaching the Ten Commandments, the Golden Rule and Christ's Sermon on the Mount, lays a solid foundation of morality and good will that permeates every part of our national life. The church "nurture and develops" the moral conscience, and the press is the keeper of the public conscience. The two are linked since the press, said Thiem, "in its highest traditions supports the church. It glorifies deeds of goodness and kindness. It exposes evils, both in public and private life, and by this exposure, alerts and warns the people to build up bulwarks against them."
The Investigation Begins

The investigation into Hodge's dealings which made it possible for George Thiem to proceed with his investigation was undertaken by Treasurer Warren Wright. From about the end of 1955, Wright had been living in the house located on the roof of the St. Nicholas Hotel with his wife, daughter and son-in-law, Russell Morris, who was the chief revenue officer in the Treasurer's office. Wright had tried repeatedly to get calcimine on his walls, but to no avail. On the other hand, Hodge who resided a few floors below, was able to get extensive redecorating of his suite the Treasurer had heard. In the six months he had been living there, Wright also learned from the maids and bellhops that Hodge had given the hotel a state warrant. After digging through the IBM cards in his office, Wright turned up the appropriate warrant which represented an expenditure of $5,267.65. Without the voucher, which Hodge would have had, he could not know if the expenditure was valid or not. When approached by Wright on this matter, Hodge simply said that the money was for "... legitimate dinners and whatnot that he had there and the appropriation had been O.K.'d by the legislature." He asked the hotel, and they said that it was for dinners and a lot of rooms. Wright testified that by May or June he knew that Hodge was involved in improper activities—when exactly he was not sure.

If Michael Hewlett were going to run well he would have to familiarize himself with the Auditor's office. He began doing this in mid-1955, after he received the nomination from the Democratic party. Hewlett explained:

My intention was to acquaint myself fully with Hodge's operation of the office, so I could campaign intelligently on the obvious need for modernization, and reform of the office for greater economy and efficiency.
This may have been Howlett's original intention, however, he was aided by members of Hodge's staff who tipped him about some of the Auditor's questionable practice. It has never been revealed who was the individual who had gone to Howlett, but some suspect that it was Robert Reitzer, since he would have had one of the best indications of the fiscal health of the Auditor's office. Whoever it was, they took this action under the assumption that Hodge would not find out from where the leak came. This assumption was correct, because when Hodge was asked if he knew who this person might have been, he responded that he did not and added, "I'm rather interested to know where this source of information comes from." If he had found out, it would have undoubtedly cost the tipster his or her job. Hodge did not know who was causing him this trouble, but he could not afford to remain inactive. Therefore, he took the first in a series of moves to cover up his embezzlement.

The custodian of the warrants, George Benicky, and his crew of seven, were informed by Epping and Lane about the first of May that they would be transferred to new jobs. Lane stated that the "surprise" move was made in response to Hodge's discovery that there were missing checks. However, post-scandal investigation revealed that these wholesale transfers out of the Archive's division were made because Hodge felt that was where the leak was.

Michael Howlett was not sure what he would find in the Auditor's office, but he never suspected that Hodge had embezzled millions. Before Howlett went to the Chicago Daily News, he did know that there was:

... complete mismanagement of the Auditor's office, of suspiciously huge spending, of exhaustion of state funds in the Auditor's care and of mysterious private bank deals by the Auditor. "All of this I learned when I tried to discover why Hodge spent two million dollars more than any previous Auditor in a similar period of time," said Howlett.
Hodge knew that his opponent was getting close to something before he even approached the paper. This was pointed out by Len O'Connor on his television program, "Len O'Connor Comments." He said:

"It was never reported, because it was a secret, but Orville Hodge sent an emissary to a friend of Howlett's before the roof fell in. The emissary said that Hodge claimed he could explain everything. Howlett said that was fine; Orville could explain everything to the public and be a big hero."

Howlett was familiar with the Daily News, so it was this paper he chose to go to with his tip. On Saturday, May 12, 1956, Michael J. Howlett took action. He went to visit his personal friend, Basil "Stuffy" Walters, executive editor of the Daily News, with the intention of kicking up a little dirt around Hodge. After hearing Howlett's story, Walters arranged for him to explain it again to Everett Norlander, managing editor, and Clem Lane, city editor.

What Howlett had was this. He knew that Hodge had gone through his allocated funds—which was $2 1/2 million more than the previous biennium—and had required an additional $25,000. Republican Hodge had been padding the payrolls, and hiring Democrats. At that time a very suspicious activity in itself. He had many ghost payrollers (politically sponsored employees who did little or no work), like Anna Mae Harris, the wife of a Democratic Legislator from Hodge's home town, and County Democratic chairman and precinct committeeman. He had also given jobs to his and his wife's family. Hodge was supposed to have been using state funds for his own use, notably entertaining friends and politicians. This was the substance of the tip.

The only verifiable allegation came in the form of photostatic copies of a sales contract and an unrecorded second mortgage on Hodge's Esquire Motel. This was granted by the Southmoor Bank and Trust Company, a state
bank located at 68th Street and Stony Island on the south side of Chicago.
The loan was unethical and contrary to a pending law, later passed, which
made it a misdemeanor for an officer, director, or employee of a state
bank to make loans to the state auditor.  

On Monday, May 14th, Norlander called George Thiem at the State House
pressroom. "'George, there will be a gentlemen down to see you tomorrow
morning,' he said. 'He'll call you at your home. Wait for him there.
Listen to what he has to say, and do it.'"  

Thiem met with Hewlett and three days later, nonchalantly went into
the Auditor's office and asked to see the payroll book for Madison County.
By law, Hodge had to provide this for Thiem. The law stated that the
auditor must make available for public inspection, sixty days after the
end of the year, the names, addresses, job classification, and the money
received for every state employee for the previous year. Thiem's initial
check yielded none of Hodge's relatives or Madison County acquaintances
as Hewlett said it would. Hodge was out of town so Thiem asked William E.
Day, a former newspaperman and Hodge administrative aide, for a list of
individuals on the Auditor's payroll. Day nervously said he would have
to check with his boss, and Thiem became suspect. When Hodge returned,
Thiem asked Hodge whether or not Anna May Harris was on his payroll. In
response to this, "Orville laughed, 'No George, . . . Funny thing about
that. There is an A. M. Harris on the Welfare Department payroll up in
Livingston County, but that isn't Curley's wife. It's somebody else.'"  

Thiem's next move was to go over to the Treasurer's office and look
in the monthly ledger record of payroll warrants. This ledger contained
the names and addresses of all employees written in long hand by office.
When Thiem found the employees of Hodge's office, he saw Harris' name listed with her Granite City address. Thiem approached Hodge with his recent findings.

"Orville, you lied to me about Anna May Harris... and I don't like to be lied to. I've been looking at your payroll in the treasurer's office. Somebody tampered with the payroll records in the county books. A lot of names are missing that ought to be there."

Hodge flushed and replied, 'Well, she wasn't on my payroll when you asked me. I took all those names off. I don't want anybody drawing pay around here who isn't working.'

After this confrontation, Hodge promised to give Thiem a revised payroll list. When it was received, twenty-three people had a line drawn through their name, with the notation "terminated." With this information, feeble although it was, the Daily News had its first story on Hodge which ran on Monday, June 4, 1956.

This list proved to be very intriguing. On it were Anna May Harris, as Howlett said, Harry Erton, the Saline County Democratic Chairman, James Oliver Lowrance, and William H. Barnett. Howlett's charge of nepotism was borne out as well. It was found that David G. Hodge, Hodge's second cousin, and Georgia L. Fitzgerald, Margaret Hodge's sister, were both on the payroll. David Hodge explained the conditions surrounding his employment to the St. Louis Post Dispatch. In October of 1954, he sought and received employment as an auditor of credit union books. "Sometimes the work load was full and at other times it was fairly light, but I kept pretty busy most of the time," he said. David Hodge said that his undertaker business had picked up and so he gave notice in December of 1956. It was purely coincidental that he resigned just as Thiem began his investigation. Mrs. Georgia Fitzgerald of 1861 Spring Avenue claimed that she quit because she wanted to devote more time to her newborn grandchild.
One final individual of note is Ms. Bessie Meiers, the sister of the then boss of the crime syndicate, Tony Accardo. Meiers was said to have been sponsored by Joseph A. (Porky) Porcaro, Republican committeeman of the 28th ward and member of the West Side bloc. She began her employment on February 1, 1954, and was terminated on May 15 with the others. A spokesman for Hodge’s office said that “she was special investigator paid from the Springfield office, who worked on Chicago assignments. He said he used to see her occasionally,” but he could not recall who she worked for or what she did. Meiers did not need this job, for she was estimated to be worth at least $100,000 and lived in a three flat that used to be the residence of the Capone family. By terminating these individuals, the Auditor’s office was to save $7,240.00 a month or approximately eighty-five thousand dollars a year.

By late May, Thiem had to work twelve to fourteen hours a day just to keep up with the leads. Many times he would be on the telephone late into the night trying to talk to persons who might give him a new lead. One such tip was that Hodge’s Chicago attorneys were paid relatively large sums for handling the closing of the Bank of Elmwood Park. In light of this, Thiem asked Hodge’s press secretary, Kendall Olds, for the payroll figures for attorneys, J. Roy Browning, Warren W. Browning (his son), J. Albert Cagney, Richard Rex Arkin, and Paul I. Fleming. Olds presented Thiem with a set of figures far below what they had actually been paid.

Thrown off this trail, Thiem discovered that Fleming was listed as a stock holder in the Elmwood Park Bank with 3,500 shares having a par value of $46,660.67. Suspecting that Fleming was holding this stock for Hodge, he asked, “Orville, . . . do you own any stock in the new state
Bank of Elmwood Park?' 'No George,' he replied softly in a voice scarcely audible. 'Well, does anybody hold any bank stock for you in his name?''

To which the harried Auditor responded with the same soft answer—he had lied.40

Thiem then asked the Auditor why he had needed the emergency appropriation of $525,000, and why he was allotted an additional $2.3 million for the 1955-57 period.41 Hodge handled Thiem's inquiry with his usual calm. He pointed to his improvements, and promised to produce a detailed report giving specifics. This task was given to William E. Day, who prepared what Thiem called a 32-page "white-wash."42 The specifics of the report were given to Day by Hodge who admitted that he "was aware that some of the accounts had gone down, because I saw the stories on it, but I never saw what it had been spent for. And if I had, I don't suppose I'd have known, because on the face of it, it all looked legitimate."43

Thiem's next tip came from Warren Wright, the Treasurer. When he told Thiem what he had found when he looked into the warrant which went to the St. Nicholas Hotel, he said that Hodge was using state funds to pay his room, bar and food bill. If Wright told Thiem that this warrant had been expended for Hodge's "private suite, barrow and food bills" as Thiem asserts, then this would suggest that Wright knew more about the machinations of Hodge than he let on. If this is the case, then the next question to be asked is, why did one of the highest officials in the state of Illinois know that another official was engaging in illegal activities at the public's expense without reporting it to some authority? It is possible that he did. Prior to the 1958 campaign in which he ran against Stratton's candidate, Wright said that he told Governor Stratton on May 5, that Hodge and Eppin
were spending office funds illegally. He said he told Stratton and "Then
I sat back and waited because the Governor is the chief executive officer
and I must wait his pleasure." Because he made his announcement just
prior to the election, it must be taken with a grain of salt, but if Thiem
accurately reported the substance of the tip, it seems quite possible that
Stratton did have some knowledge of what Hodge was doing in early May.

Wright's tip about the St. Nicholas Hotel gave George Thiem the first
real evidence that Hodge had done something illegal. If it had not been for
Wright taking the initiative back in April or May, Thiem would have been
slowed down—perhaps halted, giving Hodge enough time to alter his records.

Armed with this information, Thiem went to the St. Nicholas and talked
to manager, O. P. Greathouse, who told him that Hodge had been doing a lot
of entertaining. He went on to explain that he had remodeled Hodge's suite
at a cost of $1,100. Even though Greathouse had been after him, Hodge had
not paid his now sizable bill for many months.

Thiem next went to the Auditor's office and requested the check by
serial number. On May 21, he received it and Thiem sent the $5,767.65 check
to the Daily News in Chicago to have a copy for publication. The custodian
who handed over the check was transferred for doing so, but Thiem had his
leak. Next, he requested the voucher. Hodge told him it was in Cohen's
Warehouse, two and one-half miles from the State House, so he assigned Lloyd
Lane and Robert Rietzler to drive Thiem there to get it. When Thiem got the
voucher, it listed a suit of rooms as being rented from January through
July 1955. This did not tell him anything new. Hodge explained that the
expenditure was for his bank examiners and employees who came down from
Chicago.
Career employees in the state Banking division did not believe Hodge's explanation of these rooms.

"It's perfectly silly to say that our people stayed there," a top employee in the state Auditor's Banking division told me. [Thiem] "They have no business with the legislature. I examined expense accounts and we require hotel receipts. Examiners brought here usually stay at the Leland or the Elks Club."47

While at the Warehouse, Rietzler asked Thiem if there were any other check numbers that he wanted to see vouchers for. "You see you can't get anywhere in our system without check numbers." Rietzler explained to Thiem, "Come along to my office and let me show you how it works."48 Rietzler was the kind of officious employee Hodge did not need, but it was just what Thiem was looking for. When the group returned to the State House, Thiem requested the office appropriations and present balances to see if Hodge had depleted his fund's inordinately fast. In response to the request Rietzler was immediately ready to oblige. "'Come on over [to my office]. We keep a daily balance.' Edward A. Epping, Hodge's chief Deputy, was present during this conversation. He gave Rietzler a venomous look at this offer to help, but said nothing."49

Rietzler took Thiem across the street to his office in the armory and pointed right at the checks Hodge had used to embezzle $180,000. When Hodge released his 32-page defense of his increased budget, Thiem noticed a particularly large increase in his contractual services allocation. Hodge's predecessor, Benjamin O. Cooper's budget was $858,000 for the second biennium. Hodge's budget was $1,183,800 or an increase of a very hefty $325,800 from three year's prior. After eleven months of the second biennium had elapsed, Hodge had spent $1,161,981.60 of this
appropriation, leaving only $21,818.40 for the remaining thirteen months. Thiem found that six accounts with appropriations totaling $1,450,000 had only $33,000 remaining. There was one account which had had $197,382 at the beginning of the biennium that seemed to jump right out at Thiem because it was down to eight dollars and thirty-three cents. Thiem singled this account out, and began recording the numbers and amounts of all checks over $2,000.50

Thiem did not know what type of scheme Hodge had cooked up, but he suspected something. It was possible that he would over-pay legitimate bills and get some of it back in kickbacks. When he spotted two checks for an identical amount, Thiem thought this was a duplicate check racket, where a legitimate expense is paid twice. Whatever it was, it was big. The next time he talked to Everett Norlander, "Thiem said soberly, 'Ev, there's a million dollars in this thing. I don't know where it is, but it's there.'"51

Thiem decided he was at the point where he could look into Hodge's voucher file and pick out illegitimate expenditures from the legitimate ones. On Friday afternoon, June 3, Thiem marched into Hodge's office and said,

'Orville, I want to look at your office vouchers. And I want to see all of them,' This request clearly jarred him. He reacted quickly. 'Wait a minute,' he replied. 'I'm running this office. We can't have our files pawned over like that. We'll get you any numbers you ask for. But you'll have to give us time. We can't do anything before Monday.'52

Thiem went back to the pressroom and received a call from a State House acquaintance. "Boy, you sure stirred them up when you asked for Hodge's payroll," he said. "Hodge is going around ordering people not to talk to George Thiem. What's up?" Thiem had no idea, but this call whetted his appetite.
Over the weekend, Hodge had a meeting about Thiem's request to see the payroll out at Hodge's Lake Springfield home. From Hodge's office were Hodge's administrative assistants, Bill Day and Edward Epping, his press agent, Kendall Olds, career men Robert Rietzler and Harold De Sila, and aides, Lloyd Lane, John Kirincic and William Mehl. Paul Powell and Johnson Kanady, reporter for the Chicago Tribune, were there as close friends of Hodge, as well. Hodge explained that Thiem wanted to see the vouchers and wondered what he should show them. Paul Powell sat there cussing every other word and saying, "You have to show them something, but you don't have to show them everything." Epping argued that the "should tell Thiem to be specific about the companies and invoices he wanted to see." This they felt would have made it virtually impossible for Thiem because there was nothing to indicate that there had voucher numbers of any significance. Day, who was ignorant of what was going on, said, "Why don't you make all the records public? Why do you have to conceal this stuff?" Of course Hodge did not answer this question and the upshot of the meeting was that Thiem would be given nothing.

It was at this point that Hodge and his staff began a full scale effort to cover up the fund misappropriations. After the briefing at Lake Springfield, Edward Epping was ready for Thiem when he came in on Monday and asked for the Auditor's voucher file.

"We don't have any," he replied. "We keep only the originals and they're filed by warrant number and stored in the warehouse on East Cook Street." When Thiem asked how the Auditor knew whether or not he had paid a bill, Epping explained that the Auditor's office had been cutting back on paperwork and that maybe they had cut too far.

Epping had told a "fib" as he later called it.
Thiem had once again been stopped, but this did not stop him from publishing a pair of stories. The stories were not exactly damning, but they were printable without fear of a libel suit. The first of the two ran on June 4 and told of the $5,767.65 St. Nicholas Hotel bill which was paid with a state warrant. The second story ran on the following day and disclosed that a $5,597.99 entertainment bill had been paid in the same manner to the Mill Tavern. The second warrant was found by looking up the check numbers Thiem had received from Rietzler in the Treasurer's warrant file.

In response to the Daily News disclosures, Hodge called a press conference on June 10. Thiem knew the answer to his questions lay in the vouchers which had been walking out through the front door in brief cases and satchels so that they could be altered at Hodge's nearby hotel suite. He therefore asked three questions:

Has the State's Auditor's file for the office vouchers been located?

May reporters be present when the original vouchers are pulled from the files?

Will you stand for an outside audit of your expenses by a certified public accounting firm?56

Hodge took each request in stride and countered with what seemed to be credible answers. He said that he would show the reporters any voucher or check requested by number, but that they could not be present when he pulled out the file because it would be disruptive to the office.57

Hodge answered the third question by saying that there was not enough money in the budget to hire a firm of national reputation, but that he hired Lewis Tanner from Champaign to make the first outside audit of the Auditor's
office since Hodge took office. This audit was actually less dangerous to Hodge than the media because Tanner was unfamiliar with the office's operations. Additionally, he too was finding that "quite a few warrants" were missing.58

Hodge was publicly stating that he would pull any warrant requested; in practice he would not. Thiem had requested five warrants, among which were several forgeries. Obviously, Hodge would alter the document first, but he felt the safest thing was just to deny the request. At this point, Thiem went into State's Attorney George P. Coutrakon's office and explained his plight. At that time, Coutrakon was vacationing in Connecticut, so he assigned his First Assistant, J. Waldo Ackerman, to look into the allegations and report back to him when he returned at the end of the month.59

This new development made it even more imperative that he close off the flow of information. Therefore, Hodge's next move was to go to Wright's office and asked him not to provide the press with any information. He said that his office would provide all of the information the press requested. In response to this, Wright told the auditor that all he "could go by was the records of the State Treasurer's office, which was open to the high and low, the rich and the poor, the black and the white, the newspapers and everybody else, a public record."60

This attempt to block the investigation proved futile, so Hodge engaged in the first of several grand scale removals of documents. For some time previously, Hodge, Epping and several staff members had been moving documents out of the State House office and into Hodge's nearby hotel suite, but this was the first time that number exceeded the amount which could be carried out in a brief case.61 This group of records was moved out when
Hodge called Epping around 10 a.m. on Sunday, June 10, and told him to meet William Mehl at Hodge's office. When he arrived, Hodge told the two men to remove two cartons of vouchers to his Lake Springfield home because he did not want George Thiem to see them. Two days later, on June 12, between 1 and 2 in the morning, Epping and "two strange men" made another raid on the office. Epping set up the "4 or 5" boxes of warrants and vouchers for payments never received by the payees, and they were then removed by the two men.

Along with these clandestine machinations, Hodge made another move to prevent access to his files. On June 11, Hodge aides held a press conference that:

- Mr. Hodge has asked me to inform you that the State's Attorney's office is making an inquiry into some of the affairs of the Auditor's office. Because of this inquiry, the Auditor's policy of permitting newspapers to peruse specific records upon request has been suspended.

This was another way Hodge was slowing up the investigation because the newsmen had a better idea of how the office worked than the State's Attorney. Hodge stated that he would give Ackerman "... full access to all of my records and the full cooperation of my staff ..." - another falsehood. Actually, Ackerman had as much difficulty finding the warrants and vouchers as the media and Tanner, but to the public who would go to the polls on November 6, Hodge struck an impressive posture.

There are probably two things which raise the ire of the news media more than anything else; infringement of their first amendment rights, and, being denied access to the public record. Hodge was pursuing the latter course and the media in Illinois and throughout the nation became irate.
In Illinois an appeal was made to Governor Stratton, but he explained that Hodge was an elected official like himself and that he had no control of what Hodge did. Then the case went to Attorney General Latham Castle and asked for an opinion. Castle stated that he told Hodge in an informal opinion that "the records of all public officials should be open to the public as a matter of policy."66

Nationally, the campaign to get Hodge to open up his files was led by the managing editor of the Tampa, Florida Tribune, V. M. Newton, Jr., who protested Hodge. The letter he wrote follows in part:

June 15, 1946

Dear Mr. Hodge:

I am writing this letter as chairman of Sigma Delta Chi's national Freedom of Information Committee. As you know, Sigma Delta Chi is a professional journalistic fraternity which has 22,000 publishers, editors, and newsmen as members.

As chairman of this national committee, I wish to lodge a most vigorous protest against your action in barring reporters of the Chicago Daily News from the records of the State Auditor's office of the State of Illinois.

I protest your action on the grounds that it is contrary to all precepts of open American Government, and that in barring the reporters of the Chicago Daily News from these records of the people of Illinois, you are depriving the people of Illinois of their rightful access to the public records of their business involving the expenditure of the people's tax funds.

It is needless for me to tell you that if all public officials on all levels of free American Government should follow your example, American Government would descend into the realms of arrogant dictatorship.

Therefore, solely in the interest of free American Government, I am calling upon you to open the records of the state office, not only to the reporters of the Chicago Daily News, but to the reporters of all free American papers and to all free citizens of the State of Illinois.

I will appreciate word from you on this very serious matter.

Sincerely yours,

V. M. Newton, Jr.67
Hodge answered the protest with skill and finesse. He wrote:

Dear Mr. Newton:

In reply to your letter of June 15, I want you to know that the records of this office were open to all reporters until the State's Attorney's office began an inquiry into alleged irregularities; at that time, the policy of giving reporters specific records upon request was suspended pending completion of the inquiry in order to give the fullest possible information without delay to the State Attorney's office.

To have done otherwise would have hampered the inquiry. This is evident from the fact that the reporter for the Chicago Daily News has requested specific records which were also requested by the Assistant State's Attorney.

Sincerely,

Orville E. Hodge

Along with this letter, Hodge went to Chicago to personally plead his case to the Chicago Daily News. Associate Editor A. T. Burch was unimpressed, again asked Hodge to open his files. Again Hodge refused, and so that Daily News began preparing an action of mandamus against the Auditor to force him to open his files.

Hodge dealt with the "political attacks" with equal facility. When Howlett called for a legislative investigation, feeling that the executive branch would cover up for one of its brethren, Hodge, and much of the media he still controlled, was quick to point out that the legislators would not be returning for another three months. He then went on to counter-charge Howlett in an interview he granted to friend Johnson Kanady. He stated that:

"I have been selected as the first target in what is apparently going to be a vicious, malicious, 1956 political campaign. I am convinced that these attacks are the opening guns in an attempt to smear our great Republican administration in Illinois.

"I think the administration should remain in office. I don't believe the people want a return to the murky secrets of Democratic rule. . . ."
"I have a story to tell this summer of accomplishment in office," he said. "I am going right ahead and tell that story.

"I believe the facts will show that we have every right to be proud of the record of this administration.

"In my office there have been tangible and substantial accomplishments in the supervision of financial institutions of the state and the protection of public funds."

Hodge's charge that the accusations were politically inspired not only seemed very credible to the people of Illinois who did not know how the government actually operated, but also to Hodge's staff who had greater insight into the office.

The general feeling was that "as you look back, in Illinois ... nobody pays much attention to malfeasance and misfeasance or anything in government until six months before an election, and then you write it off as just election stuff, which is what those of us in the office though. We said, 'Oh this is just a smear campaign they've launched against our man.'"

In order to even up the score, Hodge released to the Tribune, through Kanady, cancelled checks as evidence that Howlett himself had been a ghost payroller at one time. The story told how Howlett had been placed on the Auditor's payroll for a period of four months right at the time of the 1952 Presidential election. Howlett was placed on the Auditor's supplement payroll from September 1, 1952 until January of the following year. Howlett was to have investigated receiverships to earn his $500 a month salary. Hodge knew of no operating bank receiverships at that time, but he did not discount the possibility that it could have been for a currency exchange or credit union receivership operating at that time.
In response to the charges, Howlett explained that he "made a survey for Auditor Cooper on what could be done to locate depositers who were entitled to funds from closed banks." Howlett stated in defense that the Democrats were in no mood to give him a reward after the way he had handled the Horsemeat Scandal, which harmed the party more than helped it.

Employees in the Auditor's office at that time said that they mailed the checks to the Chicago office, although no record could be found in that city of his having worked. Howlett answered these charges by stating that he reported directly to the then Auditor, Benjamin O. Cooper. Even if the $2,000 was paid for necessary work, the timing and the manner of payment suggests a hint of impropriety.

One June 15, the Governor supported Auditor Hodge's statement that the attacks on him were politically inspired before more than 300 representatives of the Illinois Women's Republican Clubs. He stated that people "liked to gossip," and that the Democrats would attempt to "blossom out" newspaper criticism "until people may begin to think there is a scandal."

Hodge was outwardly cool, but his efforts to cover up his malfeasance were growing in intensity. In actuality, Hodge had begun looking for ways and means of replacing the money as early as May or early June when Thienn began his investigation. At that time, he ordered Gilbert Hall and William Mehl to make an audit of the depleted Unclaimed Property Trust Fund. The purpose of this audit, which took two to three weeks of hard work, was "to try to reconcile the balances [of the fund] to the then existing bank statements." Once the amount pillaged had been determined, Hodge began liquidating his assets in a futile attempt to cover the $484,935.37 embezzled from the fund. Hodge was able to raise $301,365.70 on June 25
by selling his Elmwood Park Bank stock to Arthur Wirtz. The sale of 11,165
shares went for $27 a piece to the financier of the Chicago Stadium and member
of the Wirtz, Haynie Ehrat Mortgage Corporation. The money was paid to the
Hodge Agency, a cashier's check was drawn up, and the check and $120,000 in
cash were deposited to replenish the fund.78

Another of Hodge's divestitures was his Beachcraft Bonanza airplane
which he sold to an airport employee.79 In the interest of frugality, Hodge
made one last move in the Drake Hotel. He moved from the $700 a month suite,
to a $400 a month room on the eighth floor.

In an attempt to raise cash fast, Hodge "went to three or four"
important legislative leaders, including Democrats, and asked them to help
him out because he was in bad on some checks at the Southmoor Bank. When
the men he approached asked how many, he said four or five. A fund was
being raised to make good the checks when the enormity of his shortages
became known, and the effort was abandoned.80 Hodge realized the futility
of trying to cover up his defalcations. He lamented, "I found there were
too many, and it took too much and there wasn't enough time to make it good,
so I quit asking for help."81

Not only did Hodge need the money to replace the pilfered funds, but
he also needed it to pay interior decorator William Lydon $50,000 in hush
money. This money was given to Lydon under the assumption that he would
"take the heat" for Hodge. It was reported that Lydon went out to the
Mill Tavern, where Hodge's friend Herman Cohen handed the decorator a paper
bag with the money. When Lydon's safety deposit box at the Southmoor Bank
was drilled open on April 5, 1957, there was $53,600 in two paper bags.
The money was in denominations from $5 to $100, and some of the bills were
rapped in bands carrying the imprint of the Springfield Marine Bank of Springfield. Lydon claimed that this was the money that Hodge had paid him.

Realizing that he would be in serious trouble if it were ever disclosed what kind of a scam he had been running in the remodeling of Hodge's office, Lydon took other steps to cover up the Hodge scandal. One of these was the forging of documents in support of the work which was supposed to have been done. Lydon said that "Hodge called him to Springfield and told him the Auditor's books were being audited and that he was to have documents of some kind that would compare with his vouchers." Therefore, Lydon and Epping drove out to Elmer Bretz's Lake Springfield home on June 19, 1956, and told him to alter his records. Bretz said, "I was not to talk to reporters. My income tax" Lydon said, "would be taken care of." Bretz then gave Lydon blank bill heads and letter heads at his request. When the scandal broke, he denounced as forgeries his signatures on contracts and invoices totaling $88,787.

Shortly after this meeting, Edward Epping "directed" William Mehl to prepare on Bretz stationery some invoices which would square with the $248,726 in phony state warrants which were issued by Hodge in Bretz's name. Mrs. Earla Markert, an Auditor's employee, collaborated this story when she testified that Lloyd Lane drove her to the St. Nicholas Hotel in late June so that she could draw up documents to support the bogus warrants. Markert said that at this meeting were Hodge, and possibly Epping, who gave her notes written in long hand to be typed onto Lydon and Bretz letterhead and then predated.
The Daily News knew that Hodge was covering up something, but they did not know what. The problem was that Hodge was working at a furious pace in order to keep one step ahead of Thiem. Thiem was well aware of this, so after he was closed out of the Auditor's office, he called Chicago for reinforcements. Thiem's only lead was contained in the notebook of warrants and warrant recipients, so his next step was to track down these individuals. He received aid from reporters Robert Gruenberg and Robert Schultz, who were assigned to handle the checks in the Chicago region, while Thiem called the downstaters. Also added to the investigation was rewrite man William F. Mooney, who was charged with coordinating the reports from the three newspapermen. As the story progressed, Robert Schultz went to Springfield to aid Thiem and Jack Lavin and Edmund Rooney were added to the Chicago investigative staff.

Initially the other papers did not investigate with the same zeal that the Daily News had, but this was beginning to change as it became more apparent that Hodge was involved in something that he should not have been. The papers were sluggish to react because when a big story breaks, journalists will take one of two routes. They may try to "capture the initiative," which is to dig further into the story and come up with new information, or they can "knock down" the story, which is to discredit it. It was this latter course which was taken by the Tribune, because Hodge's good friend and Tribune reporter, Johnson Kanady, assured the paper that Hodge was innocent. When it was evident that the Tribune was missing the story of the year, "the Chicago editors decided that whatever Kanady had with Hodge was worth losing" in exchange for getting a piece of the scandal. Once this decision was made, the competition for new information became incredible.
Chicago Tribune reporter, Tom Littlewood, said that the Chicago editors would call the reporters in the field and say, "Find something new. Find something new." In addition to the Daily News staff, Thiem received assistance from Raymond Coffey, the Springfield United Press correspondent. It was Coffey who went with Thiem to the Springfield airport to find out about the Capital Aviation, Inc. It was this agency that sold and serviced planes, and there was an indication that Hodge may have used a state check to pay for service on his planes. The manager told the two reporters that Hodge regularly had his planes fueled, greased and repaired at the airport, and it was discovered that Hodge had set up a dummy company through which he provided taxi service for state officials. They would pay Hodge and then charge the trips to their expense accounts.

The media was not the only group investigating Hodge. Ackerman was struggling with the problems as well. When Ackerman went to the Auditor's office and announced that he was ready to investigate, Hodge said, "We'll give you full cooperation. You'll find everything in order." Because of the complexity of the office, Ackerman decided to tackle what he could understand first—the office budget. However, much to his chagrin, he could not make sense of this either. He looked over the payroll and found employee Harold De Silva's name on the payroll for $700 a month. This seemed normal, but as he continued to hunt, he found that De Silva was listed as being paid anywhere from $500 to $900 a month for "contractual services."

It did not seem right that a full-time employee for the State could do that much contractual work as well. It did not seem right to De Silva...
either and thus he was more than willing to talk.

"Every month," De Silva said, "Mr. Hodge's caretaker (John J. Casper)--the man who runs his Lake Springfield home--comes in with a big list of bills. Mr. Hodge adds them up and then has a state check drawn up in my name. He tells me to get it cashed and give the money to him. Then he gives it to the caretaker." 92

De Silva had saved all of these bills and gladly handed them over to Ackerman. The bills revealed that between June 1953 and July 1956 Hodge had purchased $18,628.68 worth of goods and merchandise. Most of this amount ($17,500) went to the purchase of food and liquor. For example, Hodge purchased shrimp, lobster, oysters and steak. He expended money for soda pop, beer and whiskey by the case. Other purchases were such things as a $58 ping pong table, a $240 power lawn mower, a $105 fence, a $9.44 comb and brush set and pillows for $25.21, to name just a few. 93

Ackerman looked at these bills and developed a "sinking sensation in the pit of his stomach" knowing full well what it meant. Although it appeared that he was onto something big, it became increasingly more difficult to proceed as Hodge's cooperation vanished faster than the State's money.

The Beginning of the End for Orville Hodge

Two days after the airplane story ran, on June 15, George Thiem decided to write a story on how Hodge had reduced his contractual account appropriation from $197,000 to $8.33 in thirteen months. He obviously did not know that the money had been stolen outright, but rather surmised that the payments were legitimate, but excessive, and that part of that money was being kicked back to Hodge. The story ran with the names and addresses that Thiem had put into his notebook in Rietzler's office. The story itself did not actually expose Hodge as an embezzler, but there was a purpose in
printing it. Thiern explained that he printed the payees names because, "I was on a fishing expedition. . . . I had a hunch some new intelligence would come from telling who got the extra millions given Hodge by the Governor and Legislature."94

Hodge had contacted his lawyer, Arthur M. Fitzgerald, once before, at which time he said that his office had mistakenly paid Elmer J. Bretz twice and that this bothered him. At this time there was no sign of impending catastrophe. There was no further contact between Hodge and his lawyer until the Daily News published the names of the fifteen individuals who had received checks from the Auditor's office. At this time, Fitzgerald stepped in. He explained his actions as follows:

'It wasn't very long after my first talk with Hodge, when the Daily News began to publish a list of checks. So immediately I asked Hodge about them, and that's the time I made him bring Epping over to find out what was going on. When I found Epping, they employed me, and everything was kosher. Shortly after that, I couldn't believe Epping and I asked him to get another lawyer which he did. I said I was not going to represent conflicting interests if there's a difference here [and] there was an un­questionable conflict of interest between Hodge and Epping.95

On July 3, a retainer fee of $25,000 was paid to Fitzgerald by Hodge.

In his desperation, Hodge began calling all of those individuals listed as receiving checks. One such individual was Thomas H. Fitzgerald (no relation to Hodge's attorney), who was listed as receiving a $9,000 warrant. When Hodge called on June 18 their conversation went this way:

Hodge: Tom, you have to cover for me. We've been friends since I met you in western Illinois in the early '40s. I'm in trouble and you've got to help me.

Fitzgerald: Orville, friends should not cut each other's throats. You have stuck me in the back with a knife and you are not my friend.

Hodge: I'm pleading with you, Tom, this is terribly impor­tant. You can write your own ticket. I'll pay you the $9,000 and the tax and more besides. You can file an amended tax return. Whatever you say.
Fitzgerald: Orville, you know perfectly well that I never received that check or any money from it and the endorsement must be a forgery.

Hodge: I know that is all true, Tom. It was done by others. It was not done by me. I didn't know anything about it at all, but I'll be responsible if it comes out. I'll swear to you on a stack of Bibles that I knew nothing about it.

Fitzgerald: How do I know that there are not other checks with my name on them?

Hodge: I swear on a stack of Bibles that there are no other checks with your name on them. Think of my family and what will happen to them.

Fitzgerald: I also have a family. While I worked for you, Orville, I did everything I could do for you.

Hodge: I know that.

Fitzgerald: I've never been dishonest with you before and I don't propose to start now. I cannot tell you that I'll make any effort to cover you. I'm not interested in your money. I don't know what I'll do.

Fitzgerald was not going to blow the whistle on Hodge, but he did call up Clem Lane at the Daily News, and said that he had no check coming for that amount and that he had never received a check for that amount. The initial response to this was that the Daily News had not found the correct Fitzgerald and thus they were worrying about a libel suit. Lane phoned Thiem in Springfield and asked, "Can you check it? The lad is demanding all kinds of retractions. Is there any way of looking up the check itself?"

The Daily News had Fitzgerald write a letter to the State's Attorney's office for Sangamon County explaining to him that he had never received the check, which he did. When the office received the letter, Hodge was asked to produce the check, but he said that the check had been mislaid with a lot of others, so the office pursued another avenue.
Hodge was in a bad spot. He had been able to prevent the damning evidence from leaking out of his office, but he could not count on what might be in the Treasurer's office. With this in mind, he approached Wright one day after he called Fitzgerald. The two were at the Governor's mansion along with the other state officials, when Hodge went up to Wright, threw his arms around him and said that Wright was his friend, and he was his, and that he should protect Hodge. "If I go down," Hodge pleaded, "the whole team will go down, toll road and all." The next day Wright related to Stratton what Hodge had said to him at Peoria at an Amvets State convention. He told the Governor that "there were things in the Auditor's office that didn't look good to me (Wright). They didn't look good at all. And if he wanted the record, I would try to get it for him and bring it to him." Stratton declined and did nothing.

Conclusion

Orville E. Hodge was able to successfully use his position as an "in" to prevent other "ins" from investigating him both before and after the scandal. When he ran into trouble, not only did he not have to fear his political brethren, but he was able to receive support from them. Hodge received a threat from the outside and all of the "ins" felt this was an attack on the system as a whole, and thus invoked their "collective security" method of protection.

This dichotomy of "ins" and "outs" not only explains why he was able to enlist the aid of his colleagues, but also why those who knew what was going on, chose not to go to authorities and explain Hodge's unusual means of paying his bills.

If either a Southmoor Bank or Hodge employee went to the authorities, it most certainly would have meant that they would be put outside of the system (viz. fired), and why would someone go to this extent, if the proof of
impropriety was shaky. Therefore, those who were inside the system, did nothing to drive the corrupt "in" Hodge out.

Since the "ins" did not want to be pushed out, any challenge to the status quo would have to come from outside. This outside group could have been a Congressional investigation, like the Kefauver Investigation in 1950, but the Commission had too much data to spend time digging into Representative Hodge's relationship to the syndicate. The outsider could have come in the form of a criminal investigation into one of the numerous murders that Hodge's "buddies" were connected with, but who would have believed that Auditor Hodge had a suspected murderer as a guest at his Ft. Lauderdale Hotel. It could have come from Treasury agents investigating hoodlums in the St. Louis area, and it might have, but the scandal broke, and no formal charges were levied against Hodge as a result of this investigation. It would be reasonable to assume that the news media, particularly the newspapers, if given some indication that there was a story in investigating Hodge, might take the initiative. This did not occur either since Hodge had sufficiently co-opted this group too.

If all of these individuals had some level of awareness as to what Hodge was involved with and did nothing, why was he not able to go on stealing indefinitely? The answer is that a few "outs" armed with a little information, and a lot of determination, were able to chip away at Hodge's facade, and ultimately ruin him. Hodge's downfall was extremely fast once the "outs" had received the damaging information; about three and one half months from the time Thiem was tipped until Hodge was sentenced. This speed becomes incredibly fast when it is compared with the six years that the "ins" had knowledge of Hodge's improper dealings.
The information which ultimately brought down Hodge came from an Auditor's office insider, but he was so far from the ultimate revelations that Hodge himself did not even find out who this person was. Instead of going to the authorities with his suspicions, the tipster provided his information to a political "out" Michael J. Howlett. Howlett in turn passed his information on to newspaper reporter George Thiern, who was not an "in" with his journalistic colleagues or with the Auditor. Armed with the information which Howlett had provided, Thiern added incredible perseverance, and a bit of luck, to finally expose Hodge. Thiern worked day and night, but if he did not have the aid of Treasurer Warren E. Wright, Hodge may have been able to cover his tracks and this would have all been for naught. With Wright's assistance (viz. if Wright had closed his office to reporters as Hodge had asked) Thiern never would have been able to break the story. Unfortunately for Orville Hodge, he had not worked to gain the favor of the Treasurer with the zeal that he had the Governor, the Legislature and the media. In fact, Hodge had, on several occasions, antagonized Wright by his actions. This proved fatal for Hodge's political career. The information Wright had acquired could have been damaging to Hodge, but the code of the "ins" prevented Wright from using it against a fellow "in." Thiern, on the other hand, could be the vehicle for Wright's desire to stir up a little bit of trouble for the man who had so frequently belittled him. Therefore, Wright passed his information along to Thiern, which provided the grease needed to continue an investigation which had been stymied by Hodge.

If this paradigm is correct, the attack on Hodge should have been viewed by other "ins" as an attack on all of them, and thus, they should
have rushed to support him either indirectly, or through inaction when their responsibility would dictate otherwise. In fact, this is exactly what occurred. When Hodge began to run into trouble, he was able to receive direct aid from the newspaper reporter who was supposed to be checking to see that he was carrying out his job, the Representative who was supposed to have been investigating him, and the Legislature as a whole, that is relied upon as the check against the Executive branch of government. The Governor repaid Hodge assistance with the reapportionment bill through inaction. He knew long before the scandal broke that Hodge should have been investigated, and yet he chose to look the other way.

With so much working in his favor, he should have been able to rob the state blind, and never get caught, but Orville Hodge had not created a political alliance with Treasurer Warren Wright the way he did with the Governor and the Legislature. This small oversight cost Orville Hodge four and one half months of his term as Auditor and seven years of his life.
CHAPTER 5 NOTES


4 Conversations with Diane (Skidmore) Gannott.


7 Skidmore letter.


10 "Seek Hodge Link To Gamblers in East Side Area," St. Louis Post Dispatch, 24 October 1956.

11 When the scandal broke, there was a rumor circulating that the Southmoor Bank was the pipeline used to get rid of the Greenlease ransom money; U. S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 1230.


15 Interview with Tom Littlewood, University of Illinois, Urbana, Illinois, 8 March 1983.

16 In response to this statement, Chairman Fulbright said, "He was about halfway toward his second, wasn't he?" in reference to Hodge's embezzlement; U. S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 946.
17 Interview with Tom Littlewood.

18 Ibid.


20 Interview with Tom Littlewood.


23 Ibid.

24 U. S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 945.


30 Ed Borman, "Will Be 'Real Ghost' To Smith: Howlett."


33 George Thiem, p. 5.

34 Ibid., p. 11.

35 Ibid.

37Ibid.


39Ibid.

40George Thiem, p. 61.

41Ibid., p. 11.

42Ibid., p. 16.

43Interview with William Day.


45George Thiem, p. 15.

46Ibid., p. 116.

47Ibid.


49George Thiem, p. 18.

50Ibid., p. 19.


52George Thiem, p. 20.

53Ibid., p. 197.


55George Thiem, p. 21.

56Ibid., p. 31.


60 U. S., Congress, Senate, Committee on Banking and Currency, The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 946.


67 George Thiem, pp. 35-36.

68 Ibid., pp. 36-37.


70 Johnson Kanady, "Hodge Terms Attack on Him 'Pure Politics.'"

71 Interview with William Day.


73 Ed Borman, "Will Be 'Real Ghost' To Smith: Howlett."

74 Ibid.

75 Johnson Kanady, "Hodge Terms Attack on Him 'Pure Politics.'"

76 Johnson Kanady, "List Howlett Earnings Under 1952 Payroll."

77 U. S., Congress, Senate, Committee on Banking and Currency. The Illinois Banking Situation, Hearings Before the Committee on Banking and Currency, p. 1208.
78 George Thiem, p. 171.


81 Ibid.

82 George Thiem, pp. 103-04.

83 Ibid., p. 107.


87 William F. Mooney, "Chicago News Cracks Huge Scandal By Digging, Perseverance, Teamwork," p. 9; George Thiem, p. 43.


89 Interview with Tom Littlewood; Interview with William Day.

90 Interview with Tom Littlewood.

91 Johnson Kanady, "Hodge Terms Attack on Him 'Pure Politics.'"


94 George Thiem, p. 43.

95 Arthur M. Fitzgerald. As told to Len O'Connor in 1956, from tapes from the Chicago Historical Society.


99 Ibid.
CHAPTER 6

HODGE LOSES THE BATTLE AND THE SCANDAL IS UNCOVERED

"I hereby resign as Auditor of Public Accounts of the State of Illinois effective immediately this date."

"I hereby decline the Republican nomination for the office [Auditor of Public Accounts] of the State of Illinois and request that my name be withdrawn and not be placed on the official ballot for the General election November 6, 1956."

Orville E. Hodge, June 16, 1956

Orville Hodge's resignation and withdrawal from the 1956 race for Auditor of Public Accounts did not come without much mental and physical pain and agony from all involved. At this time, Hodge and his cronies worked furiously to cover up what he had done, while the other side worked with equal diligence to untangle the mess.

Hodge's easy money finally ended when Treasurer Warren Wright allowed George Thiem to find the Thomas Fitzgerald check on the rolls of microfilm which the Treasurer's office had made for a short period before. Wright's helpfulness earned him several threats on his life from the syndicate. Similar threats were directed at Hodge's caretaker and secretary. It is also possible that the underworld were somehow connected to the death of the Auditor's press secretary, Kendall Olds, but there is little direct evidence of this.
What this activity does illustrate is that the syndicate had a direct interest in seeing that Hodge's illicit activities were never revealed. This effort also included meeting with Hodge, and later stealing the records of the Auditor's 1952 campaign contributors.

After the Daily News had realized that they were in the midst of what could probably be the biggest political story of the year, they assigned every available reporter to the case. Those who were not immediately available were relieved of their duties and brought in from out of town. The Governor also took action after the bogus checks were found on the microfilm roll. He appointed the Illinois Budgetary Commission to investigate, however, this was largely a symbolic move since the Commission did not actually take any action until after Hodge resigned as Auditor. This enabled Hodge to continue to protest his innocence publicly, while he was privately approaching his associates and colleagues looking for renewed support. Instead of receiving the support he desired, these individuals tried to get him to confess his wrongdoings.

The Auditor did not oblige, either before or after the Daily News ran its story. Hodge was so deluded with his own importance, that he felt that he would be able to ride the criticism out. For a time, he even talked about running for a second term as Auditor despite the fact that the party had decided to pull their support from him. After a very difficult meeting, Stratton was finally able to prevail upon Hodge to resign, pull out of the race for Auditor, and confess to what he had done. At this point, Hodge claimed complete credit for the scandal, because he "would rather go to prison than his death" as some stated.
This chapter should illustrate Hodge's steadfast denial of his guilt in the face of almost overwhelming evidence to the contrary. This bold front, in conjunction with the Governor's failure to move decisively against "the most popular man in Illinois" created circumstances in which Hodge was almost able to bow out with grace after misapplying almost 2½ million dollars.

The Find in the Treasurer's Office

First Thiem, then Ackerman, had met with no success in the Auditor's office. This all changed when Thiem remembered that State Treasurer Wright had mentioned about a month earlier that his office had been microfilming warrants until January 1, 1956, when the Auditor took over the job. Wright had been given an excessive appropriation to microfilm warrants and vouchers and to destroy the original, over five years old after they had been copied.

The Fitzgerald warrant was dated September 12, 1955, approximately three months before Hodge took over the duty. Therefore, the microfilmed warrant should be found in the Treasurer's office. Bearing this in mind, on June 29th, Thiem called up the Treasurer's chief revenue clerk, Russell Morris, and asked him if he could find the microfilm with the Fitzgerald check on it. He said he thought he could, but that he had better wait until after 3 p.m. when the warrant crew would be dismissed early due to the June heat. By 3:30, the warrant room was empty and Morris, Thiem, and Lester Hart, the warrant supervisor, went into the darkroom where the microfilm viewing machine was located. The Fitzgerald warrant, number 68904, came up clearly on the screen. On the back of the check was the typed endorsement, "For the Deposit and Credit of Thomas H. Fitzgerald," along with the
Chicago Federal Reserve Bank stamp. The corresponding bank was illegible, but Thiem suspected that it was Southmoor because of the low interest loans Hodge was able to receive there. Thiem turned the hand crank to the adjoining check which was also dated September 12, 1955. It also bore a typed endorsement and the same, "For the Deposit and Credit of" phrase. This check was made out to J. Roy Browning, Hodge's attorney, for $15,000. The adjacent warrant on the other side of the Fitzgerald check was made out to the C & E Insurance Agency for $5,168.22. Thiem found himself right in the middle of fifteen warrants all dated September 12, 1955 and endorsed with the same typewriter. Thiem shouted, "Wow, what a find! This is how Hodge has been looting the Treasury." Thiem then phoned Assistant State's Attorney, J. Waldo Ackerman's office, but could only get his secretary. Apparently, Ackerman was at that time in the Auditor's office not finding the warrants he was looking for. Thiem told the secretary to have Ackerman call him in the Treasurer's office from an outside phone. When he did a few minutes later, Thiem said, "If you can come down to Room 105, I've got something interesting." Ackerman arrived within two minutes and when he saw the film he said, "This is it. There are some of the checks I was looking for. This about wraps it up." It was obviously very important to insure that the films were not destroyed, so upon Thiem's suggestion, they were locked in the Treasurer's vault for the night. Thiem offered to take the films to Chicago to have reproductions made, but Wright refused.

The Syndicate Enters the Picture

Wright's officiousness was not appreciated by the syndicate. This was seen in their efforts to scare Wright into hanging onto the microfilms
by making numerous threatening phone calls. It reached a point where Wright had to pay the switchboard operator and security guards to prevent phone calls and unauthorized persons from contacting him. He said one caller "told him that 'if you don't stop talking about East St. Louis, you'll find yourself running around the loop without arms or legs.'"7

The Treasurer was not the only person to be threatened; Cleo English also fell victim to this harassment. Mrs. English's knowledge of what went on in Hodge's office earned her two threats by phone and one by post card. "She said a male voice told her to 'Keep your mouth shut or you'll be taken for a ride.'"8

On June 30, John J. Casper, Hodge's caretaker who would present bills incurred at Hodge's Springfield home, was run off the Decatur Road causing $750 in damage. "Casper said that his ties with members of the Wortman gang were limited, but this did not stand up under investigation."9

At this same time, there was speculation that Hodge's life might be in jeopardy,10 but nevertheless, he continued to see members of the syndicate as late as mid-July. Epping stated that Hodge had had a meeting with Wortman and Berry at the Drake Hotel at that time.11

Probably more substantial evidence that the hoodlums wished to cover up their dealings with Hodge came on July 19 when ten men entered the Hodge Agency and ransacked it. The group let themselves in with a key that they already had, but the Agency's porter, Elmore Wilbourn, said he did not recognize any of the men. Three stood guard at the door while the others ransacked the desk of one of Hodge's aides. "They seemed to know what they wanted so I kept on cleaning," said the porter.12 After the raid, William Mehl, Hodge's bookkeeper told investigators books containing records of Hodge's 1952 political campaign were missing afterwards.13
On the same day as Casper's incident, June 30, tragedy struck Hodge's press agent, Kendall Olds. It was clear that Olds had been depressed. "Hodge broke my heart," he had said. He was feeling bad but his lot deteriorated rapidly when he returned a phone call from a reporter who had been trying to reach him. The reporter told Olds that he had taken a check to Ed Lonergan, the head of Capital Press Service, for which Olds worked. He had Lonergan cash the check and then Olds took the money back to Hodge. When he returned, his wife said he looked funny. "This is what's been worrying me all the time," he told his wife. He then told her how he had carried the phony check. "There was nothing wrong, except I was a go-between," he told her.

Olds was not seen as being involved and would not have been indicted. The interim Auditor, Lloyd Morey, said that Olds had been doing a legitimate job in the Auditor's office, and he would not have been fired along with the other one hundred Hodge employees he had let go. All things considered, Olds was put in a bad spot, but it does not appear that this position was so bad as to make it more advantageous for him to willfully go to his death, leaving a wife and twelve-year old daughter behind.

Although it seemed unlikely that Olds would have committed suicide, his death was not completely unexpected. Less than a week before, he told his wife where the life insurance papers were located "in case anything happens to me," he said. On the night of his death, he switched from his suit into a sport shirt. He left the house about 8:00 p.m. without his wallet, glass case, pens, and pencils and all other personal items. Olds drove to the Hagen's Tavern on the Lake Springfield Road where he encountered a group of employees from the Treasurer's office. About 9 p.m.
Sherman Elliott of the Treasurer's office tried to cheer Olds up by talking to him for about 15 minutes. He was last seen alive at 10:30 looking out into the rain from the vestibule of the bar. He apparently drove to the Sangamon Surf Club about 11:00 or 12:00 in a driving rain. He got out of his car and smoked quite a number of cigarettes, depositing the cigarette butts on both sides of the vehicle. Evidently around midnight, Olds just walked into the water and drowned himself. This time of death is substantiated by his wrist watch which was stopped at that time. The coroner's report listed the cause of death as suicide by drowning, but a man who Coroner W. C. Telford said had a close association with what was apparently Olds' reason for death, said that it was "not suicide."

The Daily News Steps Up Its Efforts

As the chase grew in intensity, the Daily News staff investigating Hodge grew as well. They brought reporters in from several different fields of journalism and areas of the country. For example, Edwin A. Lahey, Washington Bureau chief, was brought into investigate Hodge's ties to the underworld in St. Louis. Jack Willner followed this lead in the Southern Illinois area, and was able to explode Hodge's wealth myth by going through records in the Madison County seat at Edwardsville. Helen Flemming went to Ft. Lauderdale and found Mrs. Hodge and Orville's hotel. Edmund Rooney was sent to Grand Rapids, Michigan to find Bonita Lillie who left to be with her parents after she and Hodge met for the last time on the 12th of June. Miller Davis and Henry Hanson went to Springfield to join Ed William Mooney, Robert Schultz, and Robert Gruenberg who had been sent down to help Thiem several weeks earlier. In Chicago, Eugene V. Moran, assistant city editor,
and rewriter James V. McCartney assisted in polishing the stories. To handle Hodge's financial real estate deals, writers from this area were also employed. Rewriter William Mooney recounted:

Nearly every beat man--City Hall, County Building, Federal Courthouse and Criminal Courts--was drawn in on some phase of the story. At the end, twenty reporters, rewriters, and desk men were assigned to the case.17

The pressure became intense and on July 4, Clem Lane, City Editor for the Chicago Daily News had a heart attack, and a few days later, Assistant City Editor, Maurice Fischer, had a heart seizure.

Illinois Budgetary Commission and Orville Hodge

On this same day, Governor Stratton finally took action and asked the Illinois Budgetary Commission to begin an investigation. At a July Fourth press conference, the Governor delivered the following statement:

Illinois Budgetary Commission is charged by law with the duty of making a thorough study and investigation of all state expenditures and income from any source.

This commission is created by statute and is bipartisan.

It is organized and remains active between the intervals of the regular sessions of the legislature and is the proper body to study and investigate these matters.

I am, therefore, requesting this commission to make a full study and investigation of all operations in the field and to report its findings, with recommendations for improvement of operations and procedures, at the earliest date possible.

I am sure that this commission will receive the full cooperation of the office of the Auditor of Public Accounts and other state agencies.18

On July 6, some Republican leaders felt that Governor Stratton had made a tactical error by appointing the Budgetary Commission to investigate
Hodge. Republican Cousrakon's investigation made his party's leaders angry too, but the assumption of some was that these investigations would clear Hodge. Hodge reinforced this sentiment in his rebuttal to the Governor. He said:

I welcome the proposed study and investigation by the Budgetary Commission of the operations of the Auditor's office as has been requested by the Governor. The Budgetary Commission, being bi-partisan and being comprised of members of both the Senate and the House of Representatives is the proper and logical group to make this study.

This commission called upon by the Governor will have the fullest cooperation and assistance of all my employees.

Any investigation, not politically inspired, can only result in a finding that the conduct of the Auditor's office has been proper and that any charges to the contrary are purely political in nature.

The Governor's action is appreciated and the inquiry is welcomed, 20

Stratton maintained that this action was taken to investigate charges of "maladministration" in the Auditor's office. 21 Despite this noble intent, the Commission was not in the mood for decisive action.

The Chairman of the committee, Senator Everett Peter said that this did not "relish" investigating the "most popular public official" in Ill noi. The Commission was comprised of six members, four Republican and two Democrats. The Democrats were Representative Paul Powell, close friend of Hodge, who met him at his Lake Springfield home to discuss ways of halting Thiem's investigation, and Senator Frank Ryan, who was retiring that year, and said of Hodge, "I doubt he is of much interest." 22

Hodge Looks For More Support

As more bits of information surrounding the scandal were coming to light, there were more individuals who approached him in an attempt
to enlist the support for his cover-up. Hodge informed Lyman C. Sorensen, who was the chief examiner of financial institutions for Hodge, what he had done. Sorensen then went to Springfield and asked if Bill Day would go out and have a drink with him because he had something he wanted to tell Day. Day agreed to go; and thus the two men went out and Sorensen related to Day what Hodge had related to him the day before. "First chance I had, I went and told this to Smokey Dowling, Stratton's administrative assistant," said Day. "I didn't want to be in the position of concealing a felony," he added.23

Hodge asked Edward Hintz to meet with him, and thus on July 2, he went to Hodge's Lake Springfield home to attend a "secret" meeting to discuss the impending doom. Along with Hintz and Hodge were Edward Epping and William Lydon. Hintz said that at the meeting, Hodge was anxious for Hintz to destroy the ledger. Hintz explained:

"When the request was made, the significance of the records became apparent to me, . . . When I found that out, I put them [the records] in my back pocket." Hintz then told Hodge to "go tell the Governor what you've been doing or I will . . . I'll see the Governor this evening."24

Hodge assured him that he would, and then had Hintz driven back to the bank by his chauffeur, Victor Struppa. Although it was after bank hours when Hintz returned to Southmoor Bank, Cyril J. Skidmore was waiting for his boss as he had requested. Mr. Skidmore said that when Hintz came in, "his face was flushed and he looked haggard and drawn. I went into his office and asked him what the trouble was. All he said was, 'I never thought he would do this to me.' I asked, 'Who do you mean?' All he said was 'Hodge.'"25
Hodge called Hintz and assured him that he had done as Hintz requested. Three days later, on July 5, Hintz took the ledger which had been used to record the transactions in and out of the Brown Envelope account, into his office and began cutting it up. He cut the pages out of the "Boston Ledger" and the wording "Peoples Trust and Savings Bank" off of the top. State's Attorney Gutknecht said that he did not know "whether the sheets of the ledger received by us from the district attorney's office are phoney sheets prepared by Hintz or whether they are part of the original ledger cut out." Either way, there were 34 state warrants, totaling $338,372.72, known to have been cashed fraudulently and placed into the Brown Envelope account, but were not recorded on Hintz's ledger. Additionally, there were $105,163 in fund transfers from the Marine Bank of Springfield, which were not registered in the book. The Chicago auditing firm of Peat Martwick Mitchell & Company agreed that the ledger's entries were apparently forged. They found that there were entries indicating payments out of the Brown Envelope account to individuals who claimed that they never received the money when questioned by the auditing firm. Although Hintz doctored the ledger so that the truth may never be known, he did eventually turn it over to the authorities.

Epping on the other hand did not. The evidence that he had a ledger just like Hintz's was given by Hodge's lawyer to TV reporter, Len O'Connor. The interview went as follows:

Fitzgerald: I am very certain that the fellow who received it [the money]--Epping received it--kept a so-called record of it. And that's never been given to anyone. And Hodge hasn't it. And I think that Hintz kept the same record, or a copy of it. And I don't think anybody ever got that or ever will get it.

O'Connor: Do you think it's been destroyed?
Fitzgerald: I don't know what's happened to it.

O'Connor: It sure would tell quite a story.

Fitzgerald: It would tell what ... it it were honestly made, and God knows if that would be the situation. It would tell what it shows.28

Once the scandal was out in the open, Mrs. Hodge "urged him to make a clean breast of it. 'I told him that if small people were involved--people with families--there was no need to make them suffer. I told him he should not shield any big people just because they were big."29

The Daily News Breaks the Big Story

While Hodge was ignoring the urgings of his friends and family to confess, Wright was working on getting the microfilm copied, so that they could be given to the Daily News. His first move was to drive to St. Louis at 5:00 in the morning of July 3rd to have copies of the film made. In the rush to take off for the fourth of July weekend, the first batch was not of printable quality although it was readable. The Daily News' lawyers would not run the story without the photostats printed as well, so the story would have to wait another day. Because the quality of the photostats was legible, Wright took them to show the Governor. On July 5, Warren Wright laid the photostats of the bogus warrants on Stratton's desk and the Governor said, "Well, Warren, it looks to me like somebody is going to the penitentiary." Then Wright said, "Well if I know anything about it, it looks like a lot of somebodies are going to be."30

After the meeting between the Treasurer and Governor had concluded, Wright went up to Chicago to meet with Chicago Daily News editor, A. T. Burch. At the meeting in Wright's Bismark Hotel room, Burch renewed the Daily News request for copies of the warrants.
Wright thought that now it would be all right to hand over the copies, but before he took any action, he called Governor Stratton who agreed that it would be all right. While Wright was on the phone, he suggested to the Governor that a guard be placed on the Auditor's office, and the sheds in which the warrants were kept, because he felt that the sheds were "liable to burn at any moment." The Governor took this advice and within a few hours, these buildings were secured.

Now that the Daily News had possession of the warrants, the story had a better chance of facing a libel suit if the issue were pressed. The paper was now in the position where Editor Basil Walter could state to a meeting of newspaper lawyers, "We're going to print the story. Just show us how." The article, which ran July 6, was written with lawyers quibbling over every word. After the story was completed, Charles B. Cleveland, Daily News political editor, met with Hodge in his St. Nicholas Hotel suite because he would not talk to Thiern. In this meeting, Cleveland showed the contents of the story to Hodge in order to get his reaction.

At the meeting, Hodge protested his innocence. "I am shocked. This is the first I've heard of it. I know nothing of it," he said. He then told Cleveland that he would conduct an investigation of his office and turn over his findings to the proper authorities. "If these are the facts, we'll investigate and get to the core of it. If they are not the fact, this is a disservice to the state, myself and the persons involved in these allegations."

This, of course, was just another ploy to either throw the Daily News off his trail, or slow them up, which would give Hodge more time to cover up the scandal.
All they had were allegations of impropriety in Hodge's office. Hodge himself was implicated, but not necessarily guilty of the thefts. Hodge continued to charge political motivation behind the allegations, but he also knew that we no direct link to him, he could plead gross incompetence.

The Final Days of Auditor Hodge

Therefore, Hodge was in no mood to clear his conscience without an impetus. Stratton was aware of this, and called him to his office on July 10. He told Hodge that the charges facing him were very serious and that he should resign. Hodge said he wanted a day or day and a half to talk to his family about what he should do, and the left the Governor's mansion. As Hodge was leaving the meeting, a news reporter asked Hodge, "Did you and the Governor talk about the possibility of you dropping off the ticket?"

And Hodge responded, "We didn't talk about anything like that," and then added that his political career was not the prime consideration at this time. Then another newspaper man asked, "Do you have any intention of withdrawing?" "No, I have not at this time," Hodge responded. "Will you remain in the race even if the party leaders decide to back an independent candidate?" Hodge was asked. "I believe I would, he responded; then added, "I'm the Republican candidate. In fact, I led the ticket statewide."

The following morning Stratton demanded that Hodge's bond be doubled from $50,000 to $100,000. This was done to force the Auditor out, because if he could not come up with the money within twenty days, the Governor could declare the office vacant and make an appointment of another to the post.
In addition, Stratton told newsmen that if Hodge did not give a statement with regards to what transpired in the twenty minute meeting on the 10th, he would. \(^3^8\) Stratton fulfilled his promise. At a press conference on July 11th, he came out and said that he had put pressure on Hodge to pull out of the Auditor's race because, "In my estimation, it is obvious that public and party confidence in the officer (Hodge) and his official operations no longer exist." \(^3^9\)

The Tribune heralded Stratton's action, but the paper still did not directly accuse Hodge of embezzlement. The editorial said, "Even if no criminal acts and no improper office procedures are discovered, Mr. Hodge had violated the first duty of a public official--the duty of answering any serious charges."

By July 10, Coutrakon had confirmation that the Southmoor Bank and Trust had cashed the warrants, \(^4^0\) but what had to be determined was who had authorized this and why. In order to answer these questions, he planned to convene a grand jury on July 23 so that he would be able to get testimony under oath. The next day Coutrakon's office made an initial investigation in Hodge's office in what was termed a "Desk to Desk quiz." \(^4^1\) This was unprofitable due to the chaotic state of the Auditor's office, so State's attorney Coutrakon interrogated Hodge in this matter. Of course, Hodge had no inclination to be in the least bit helpful, and after the 90-minute interview was completed, Coutrakon decided that the only way to get the information he desired was to move the Grand Jury investigation up one week to July 16.

While the State's Attorney was working on the criminal element of the case, the Treasurer was seeking the return of the fraudulently
expended funds. Wright's first move was made on July 14 when he went to the Southmoor Bank and demanded that the institution return the amount that Hodge had embezzled. At that time, the State was only aware of $259,354, and it was this amount that was requested. Wright went to the bank as a representative of the people of Illinois, and stated:

I demand that you turn over to me this money which doesn't belong to the bank but for which the bank is responsible. Nor does it belong to the people who cashed these checks here. It belongs to the people of Illinois.42

This move was largely symbolic, since the money was insured by the Federal Deposit Insurance Company. It was from this company that the money should have been retrieved, and since this was the case, Southmoor Vice President C. J. Skidmore replied to Wright's request by saying: "I am unable to comply. I would have to have specific instructions from my superiors, and also I would have to confer with Vernon M. Welsh, the bank's attorney."43

This action did not retrieve the missing funds, but it did serve to heighten the panic which precipitated the run on the Southmoor Bank which had begun on the day before--Friday, the 13th. The run had begun at 9:00 in the morning, and lasted until 9:00 that evening. During this time the bank paid out over eight million dollars to customers who still had the painful memories of the bank failures of the depression years.

We [the bank employees] would talk to our customers, telling them they were covered by FDIC (at that time it was $10,000) but they would have no part of it. Of course, we had many faithful customers who stood by us.44

Hodge's world was falling down around him. The bank had admitted that the fraudulent warrants had been cashed there, and Coutrakon moved up the Grand Jury investigation to July 16. On this day, John Casper, who submitted the Auditor's personal expenses for payment by the state, and
Lloyd Lane were scheduled to testify. Either of these individuals could have sent Hodge to the gallows, but after Hintz resigned his position of bank president on Friday night, July 13, it was virtually inevitable that come the Monday, when the jury convened, he would tell all. Therefore, the next day, Arthur Fitzgerald, Hodge's lawyer, Lloyd Lane, and William Lydon met at Hodge's Springfield home, after which Fitzgerald said that Hodge would have a statement on the next Monday.

Before he made his statement, Hodge called Stratton and requested that the Governor and the Attorney General meet at the Governor's mansion. Stratton explained Hodge's condition at the meeting:

The Auditor, as could be expected, was very much upset, highly emotional, wept on several occasions, and I finally, during the conference, had coffee served to him, and it seemed that once he made up his mind to resign, that he began to get better control of himself.45

This resignation did not come from Hodge without effort. "Stratton, who was to look at and talk to, not an impressive character, really, but he was a tremendously able, brilliant forceful guy," who used these talents to force Hodge's resignation.46 Edward G. Pree, Stratton's Administrative Assistant, said when the Governor told him that when he forced Hodge's resignation, that he never talked that way to any man in his life, the way he had to talk to Hodge. " Apparently, Hodge didn't want to resign and was reluctant to, of course, and he apparently wasn't ready to throw in the towel, but Governor Stratton apparently just demanded it, and he forced his resignation as Auditor."47

Hodge's resignation, stated simply: "I hereby resign as Auditor of Public Accounts of the State of Illinois effective immediately this date." In another document, Hodge stated that: "I hereby decline the
Republican nomination for the office of Public Accounts of the State of Illinois and request that my name be withdrawn and not be placed on the official ballot for the general election to be held on November 6, 1956. The Governor heard Hodge's confession and then suggested that Hodge tell his story to the State's Attorney Coutrakon. Unfortunately, he was having a late lunch and prior engagements precluded him from taking Hodge's statement on that day. An appointment was made for the morning of July 18, at which time he made a confession sprinkled liberally with "I don't know" and "I can't remember." When he was asked why he did it, he said, "Temporarily I must have been insane." Hodge maintained that he received every penny of the money, although this seems unlikely. Some suggest that Hodge was completely divorcing himself from the gamblers for fear of his life. This was given some credence when, in response to allegations that he was involved and friendly with gamblers, Hodge said, "Hey, don't print that, you might get me killed." Later Hodge said, "If you're going to write that, wait until I am in jail." The media did not have long to wait because by August 1, that is exactly where Orville Hodge was.

**Conclusion**

The rapid downfall of Orville Hodge cannot be credited to one man, or one event, but rather several men and a couple of lucky breaks. If this had not been the case, or if Orville Hodge had received these lucky breaks, it is possible that his deeds never would have been uncovered. For example, if Warren Wright had barred Thiem from looking at the microfilm, he would never have been able to find the warrants, since these
were the only copies which were not in Hodge's possession. Even if Wright had not blocked Thiem's access to the microfilmed warrants, it is certainly possible that the underworld could have prevailed upon him to "lose" the evidence. If this occurred, the Daily News would not have printed the story for fear of a libel suit, and Hodge might have been able to destroy the remainder of the evidence in the Treasurer's office.

Unfortunately for Mr. Hodge, George Thiem received the utmost support from the Treasurer, who was able to point him in the direction of the story as Hodge's St. Nicholas Hotel bill, as well as provide access to the microfilmed warrants. Even more important that Wright was Thomas Fitzgerald, who did not "write his own ticket" at the expense of Orville Hodge, and instead gave the Daily News a call. Had he remained silent with the individuals who had had their names published in the Daily News story, it would again have been very difficult to unravel the scandal.

So that Governor Stratton and Treasurer Warren Wright did not look completely negligent in their roles as public servants, they each undertook symbolic action to force Hodge out of office and retrieve the stolen money. Stratton's appointment of the Illinois Budgetary Commission to investigate Hodge was only useful in providing recommendations for the future, and had no bearing on forcing out Hodge. (Stratton did double Hodge's bond, but it is entirely possibly that he could have raised the amount either by divesting himself of some of his holdings, or by dipping into one of the funds that he had completely under his control.) Wright's move to obtain the stolen funds from the Southmoor Bank was also a symbolic move since the Federal Deposit Insurance Company had insured the bank against losses of this nature. The Treasurer's action only served to
heighten the hysteria which promoted the run on the financial institution.

It is true that "Hodge was the man who almost stole Illinois," but it is also true that the investigating Hodge received some very lucky breaks along the way. This coupled with the fact that Hodge stole too much, too fast, and too sloppy to cover up, made it possible for those "outs" to end up as "ins." Michael J. Howlett ultimately became Auditor and Secretary of State. Warren Wright launched another successful campaign for Treasurer against Stratton forces, and George Thiem entered the political arena as a state legislator in the following session.
CHAPTER 6 NOTES

1. Reprinted from page 1, Sun Times, 17 July 1956.

2. Milton L. Rakove, We Don't Want Nobody Nobody Sent: An Oral History of the Daley Years (Bloomington, Indiana: Indiana University Press, 1979), pp. 84-85; Hodge was working on passage of a bill which would have shortened this time to three years.


5. Ibid.; George Thiem, pp. 49-50.

6. Ibid., pp. 50-51.


10. O. T. Banton, "Did Hoods Tap Hodge for $200,000?" Courier (Champaign-Urbana), 19 August 1956.

11. Johnson Kanady, "Disclose Gangster's Phone Calls to Hodge."


16. Interview. Source did not wish to be identified.


22. "Unenthusiastic Investigation," Courier (Champaign-Urbana), 11 July 1956; Lloyd Morey, Albert L. Jenner and John S. Rendleman, State of Illinois, State of Illinois Report and Recommendations to Illinois Budgetary Commission 4 December 1956, p. 5; On July 17, the day after Hodge resigned, this apathetic attitude toward the Hodge case was forsaken for real action. It was on that date that Albert L. Jenner, Jr., a very capable and prominent attorney, was formally appointed as Counsel for the Commission, at a planning meeting. To aid Jenner, the Commission appointed John S. Rendleman, another fine lawyer, and they, with the help of Lloyd Morey, produced the Morey-Jenner-Rendleman Report, marking the culmination of the Commission's investigation. Although this is a fine document, the Commission was not instrumental in ousting Hodge.


29. Ibid.


22. "Unenthusiastic Investigations," Courier (Champaign-Urbana), 11 July 1956; Lloyd Morey, Albert E. Jenner and John S. Rendleman, State of Illinois Report and Recommendations to Illinois Budgetary Commission, 4 December 1956, p. 5; On July 17, the day after Hodge resigned, this apathetic attitude toward the Hodge case was forsaken for real action. It was on that date that Albert E. Jenner, Jr., a very capable and prominent attorney, was formally appointed as Counsel for the Commission, at a planning meeting. To aid Jenner, the Commission appointed John S. Rendleman, another fine lawyer, and they, with the help of Lloyd Morey, produced the Morey-Jenner-Rendleman Report, marking the culmination of the Commission's investigation. Although this is a fine document, the Commission was not instrumental in ousting Hodge.


31. Ibid.

33. William F. Mooney, "The New Deal and the Scandal of 'Rigging, Perseverance, Teamwork'."

34. Charles B. Cleveland, "State Auditor Checks Never Received, Businessmen say; I'll Probe This Myself, says Hodge," Chicago Daily News, 6 July 1966, p. 1.


43. Ibid.

44. Skidmore letter.


46. Interview with William Day.


51. George Thiem, p. 51.

CHAPTER 7 - CONCLUSION

UNCORRUPTED DEMOCRACY IN ILLINOIS: 1983

When we think in terms of the frailty of the human being, the selfishness, the egotism, the laissez-faire attitude that all of us have within our makeup, I marveled at the fact that we're two hundred years old as a democracy. Let me tell you why.

Because we constantly manage (not necessarily on all occasions) to be run by human beings who have these human frailties. The human ego. Ambition is a candidable characteristic, but when that ambition consumes someone and you can't control it, then I saw that you might very well be devoured by its flames. The thing is that when a person is elected to an office and then have their ears on another one, their ear is uncontrollable. What happens to the office that they've got in is tragic, absolutely tragic. And, well, when I've seen this, and we're still a democracy, I saw God certainly must love us and I hope He continues to love us.

Over the years the Hodge Scandal has had a very significant impact on the State of Illinois, but the immediate post-scandal repercussions were minimal. This is exemplified by the election which was held just two and one half months after Hodge went to prison. One might have surmised that the populus would have decided to "throw the rascals out" and elect Democratic replacements for the ruling Republicans, but this did not occur. One reason for this lies in Illinois' corrupt tradition. This tradition precluded the Democrats from fielding a successful gubernatorial candidate because they too were rocked with a scandal. The scandal forced Chicago Mayor Richard Daley's candidate, Herbert Paschen, out of the race, and he was replaced by "the only candidate who could not beat Stratton," in order to preserve the governor as an "in." The legal aftermath of the scandal proved to be somewhat more significant. Hodge, Epping and Hintz all served
time in prison, although this time was relatively short, but this met with
the approval of the state. The suits to recover the money succeeded to
the extent that they recovered the known embezzled funds, but there is still
a question as to how much was actually taken.

The long run repercussions have produced a system which seems to be
a fine tuning itself, instead of being reshaped for the benefit of one man.
Since the system has been reorganized, the state has apparently greatly
reduced the Orville Hodge's in politics and has moved into a new era of less
corruption. Hopefully, this will eventually be negligible corruption—a
goal which is not impossible, and a goal which will eventually make discus-
sions of Plato's myth of Gyges moot.

The Hodge Scandal and the Election

A scandal such as this one, which unraveled in just a few short
months prior to the Illinois general election, cannot help but influence
the voting. The major impact was felt in the 1956 gubernatorial election
because Stratton was widely perceived as not acting until there was abso-
lutely no way out. Although he was praised in some respects, the Hodge
case made reelection difficult for him. It is conceivable that he might
have lost, but the Democratic challenger, Herbert Paschen, became embroiled
in his own scandal. At the time that Paschen challenged Stratton, he had
been Treasurer of Cook County. He used this position to require banks to
contribute "approximately one-twentieth of one per cent of 75 per cent of
the county money it held on deposit," to a charitable fund for the purchase
of flowers for office employees. It was from this "flower fund" that
Paschen had borrowed several thousand dollars for a European trip, leaving an "IOU" in place of the money. The criticism which ensued was enough to change Chicago Mayor Richard J. Daley's mind about his candidate. He put the word out at the Democratic National Convention that Paschen would be dumped. Reporters caught wind of what was in the works and asked Daley if the rumors were true. He substantiated it and the media went to Paschen, who was sitting a couple of seats from Daley in the Illinois delegation, for a comment. "Bewildered, Paschen came to Daley, who his arms folded across his chest and his eyes staring stock straight ahead, said simply, 'What did you expect?'"\(^4\)

The scandal had severely weakened Stratton, and thus a strong democratic replacement for Paschen could still have put a Democratic Governor in Springfield. Daley did not see this as being advantageous to Chicago, since the city has traditionally fared better in the Legislature with a Republican governor. Therefore, Daley knew that Chicago's relationship with the legislature would be strained if the Democrat replaced Stratton. To insure that this did not occur, Daley slated Richard Austin, a man that was not known downstate, and without consulting the leaders in that area. A Chicago political figure, William G. Clark, felt that this was a "mistake" and that by slating Austin, Daley had slated "one of the few men who couldn't beat Governor Stratton." He explained that "Stratton only beat Austin by 38,000 votes. Daley could have slated somebody who could have beaten Stratton. I've never really been sure that he wanted to beat Stratton. Maybe that's why he did what he did."\(^5\) Extraneous events minimized the impact of the scandal on the incumbents. One big factor was
the Eisenhower "coat tail" effect.

Whereas the Governor came out of the Scandal virtually unscathed, Hodge, Epping and Hintz each served prison terms for felony convictions. Hodge pleaded guilty on August 1, 1956 and received a ten-year sentence, provided that he make restitution.6

The Scandal Aftermath

After his conviction, it was said that Hodge's "life has ended. He'll be a pariah if he ever gets out of prison."7 This was not the case. He was paroled in 1963 after Governor Otto Kerner paved the way by reducing his sentence, and now he has been restored to prominence in his home town of Granite City where he returned to his real estate practice.8

Edward Hintz pleaded guilty on the same day and received a one to three-year sentence, of which he served the full term less time off for good behavior, or a total of 30 months.9 Edward Epping was sentenced to two concurrent terms of 4-5 and 1-10 years.10

The state recovered all of the $1,671,364 that Hodge had taken, but the total amount misused, including inflated expense accounts, illegal expenditures, payroll padding and fraudulent contracts came to $2,597,603, leaving about a million dollars unrecovered.

It is doubtful that this money will ever be accounted for. Hodge's attorney, Arthur M. Fitzgerald, told Len O'Conner the following:

A. I think Hodge, so far as Hodge stated to me, never had any idea of the amount in the first place that was embezzled. In the second place, he does not know how much of it he got.
Q. You mean he was gypped, without even knowing he was being gypped?

A. I'm letting the facts speak for themselves.

O'Connor stated, in a 1960 television broadcast that

... Fitzgerald also told me that somebody close to Orville Hodge obviously knew what happened to the million dollars that is unaccounted for. And Fitzgerald had a few people in mind. Fitzgerald mentioned Edward Epping, the bag man, might be able to contribute some information. After all, he was the one who ran around with the Brown envelope. He should have had some idea what went into the envelope and what came out of it. Also, Epping was an accountant and accountants are supposed to be careful about making notations about money that come in and that goes out--and where it went. It is regrettable that Epping didn't keep a better set of books.12

It is likely that he did "keep a better set of books," and they are now resting at the bottom of Lake Springfield or in the other place where it will never be found.

After Hodge's confession, he signed over all of his assets. His wife, Margaret, was a party to this agreement, but when Hodge's affair with Bonita Lillie was splashed across the Chicago Tribune, she filed a counter-suit for $300,000 against the state for property that she claimed was rightfully hers.13

Although Mrs. Hodge claimed that she received a large inheritance from her father, some of the items were "traceable to the defect." and a Hodge lawyer stated that "anything that in any way reflects money that was embezzled by Hodge, certainly at least to that extent, is not entitled to."14 She eventually received property worth in excess of $100,000 and the state received $567,743.59 in cash and all costs of administration.15
This study of Hodge, and the scandal which bears his name, has provided much insight into the Illinois political milieu of the 1930s, 40s and 50s. It is particularly relevant because Hodge was not a political anomaly of that period, but rather "the product of a moral climate in Illinois that tends to wink and laugh at the misuse of public funds for private enrichment." This was his only deviation from the norm, was in the degree which he carried out his misfeasance and malfeasances.

This study has shown that it was not necessary to have a great deal of governmental expertise, a good speaking style, or an impressive intellect to become elected to a state wide office. Instead, Hodge's affable personality was a more important quality. The personality of his progression from "Good Ole Orv," the small town boy from Granite City to "Good Ole Orv the Playboy Legislator" and finally "exploded" when he became "Good Ole Orv the Playboy Auditor." It is clear that the metamorphosis took place, but whether this was directly related to the Springfield morality, or just a magnification of Hodge's latent tendencies, is not clear. It appears, from the manner in which he wanted to be the "big man" in Granite City, that the latter is the case.

Hodge was a successful politician because he knew his strengths and projected them to be elected; but this was only part of his strength. Coming from Madison County, it was also necessary for him to receive support from the political opposition and the gambling element in that area. This was no problem for Hodge, whose popularity was bipartisan, and had a long history of relationships with the underworld. Not only was Hodge good friends with some of the biggest gamblers in the St.
Louis area, but he was also business partners with them. They provided him with very large sums of money for his campaigns for Governor and Auditor, expecting to receive a return to the good old days when they could operate without interference from the State Police. Hodge was not able to come through, however, and was forced to pay the money back. Although it is true that "he did not need $2,000,000 to pay back $200,000" it is also true that Hodge was not the millionaire or astute businessman who could have come up with a large amount of money on short notice without going to some other source. It is therefore possible that he was compelled to look for ways and means of deriving a little "extra income" from the Auditor's office, and then just became obsessed with the money once he had his hands on it.

In addition to Hodge's ties, there are some indications that the gamblers received some of the money, because they worked so diligently to prevent any information coming out about the scandal. It is also rather suspicious that Hodge took full responsibility for the scandal once he confessed to Stratton. He did not even implicate Epping and Hintz, who were obviously involved. Arthur M. Fitzgerald, Hodge's defense attorney, was asked by Len O'Connor about this very thing. He queried:

O'Connor: Well, with Hodge facing what he faces, why should he use his time of life--and he has not got a great deal much left.

Fitzgerald: No.

O'Connor: Why should he use it to protect somebody?

Fitzgerald: That I cannot answer.

O'Connor: Do you think he is protecting somebody.

Fitzgerald: I do.
O'Connor: Why?

Fitzgerald: I don't know.

O'Connor: Why do you think? There must have been some feeling you've got.

Fitzgerald: Well I think because of the fact that the, thoughts that I have in my opinion--and I don't know whether I'm a normal person, I hope I am--I believe any normal person knowing all of the facts that everyone today knows, would conclude that very thing. I don't see how they could escape it. That's why I believe it and you believe it.

O'Connor: That somebody got some money besides Hodge.

Fitzgerald: Why certainly.

Looking for a specific cause and effect relationship in the Hodge scandal makes for an interesting academic pursuit, but far more important, is the question, "What were the circumstances which permitted Hodge to get away with the scandal in the first place?"

The most obvious is the structural weakness in Illinois. Hodge controlled the pre-audit and post-audit of his office. This would have been enough to engage in small scale improprieties, but by giving Hodge the authority to mail out the warrants, he was able to make out a check to himself, keep it, destroy it, and have nothing to worry about in the way of oversight from a post-audit. Hodge was also able to take advantage of his power over the life and death of Illinois banks.

Although the structural inadequacies are the most obvious, the most important reason, was Hodge's affable personality, which made him an unlikely crook.

Similar to this was Hodge's penchant for providing material rewards for friends in the form of free meals, free liquor, free gifts, and free vacations. In general, Orville Hodge could always be counted on for a
good time. Hodge's position as a key legislator, at first, and later as a very powerful Auditor, put him in a position which was beyond reproach. What all of this amounts to is that Orville Hodge was an "in" and so as an "in" Hodge was able to receive support from other "ins" in a political collective security system.

The participants who knew what Hodge was doing, did not wish to go to authorities because they would have ended up behind bars with Hodge (and eventually did). Those individuals who were involved, but of doubtful guilt did not go to authorities for a different reason. Ralph Schlitz typified their rationale when he said:

I was merely a tool or a piece of operation, and I didn't feel I had and don't now feel I had any responsibility for it. So, I just went ahead and did it and went about my own business. I didn't know this (cashing of warrants) was illegal. I may have had an idea as you just said it was. I had no proof or no verification, and I didn't want to get involved in anything that I didn't have anything to do with. The less I knew about it the better off I was.18

Finally, the moral condition of the state not only allowed this to happen, but encouraged it. This was learned by Hodge when he was growing up in Madison County where the relationship between politicians and gamblers was condoned by the populous which would continue to return corrupt politicians to office (i.e., Granite City Mayor Leonard R. Davis was still in office in 1956, although it was brought out at the Kefauver hearings that he had been accepting gambling payoffs).

At that time, good government was perceived to depend upon the character, integrity, and good purpose of those who occupy public offices and of those who serve under them in those offices. [and: . . . it is possible to encourage integrity, espirit de corps, pride in accomplish-
merit and health ambition in position and office. Unfortunately, the system under Hodge discouraged these traits, and instead encouraged the "ambition that consumes someone" creating a situation which was "tragic, absolutely tragic."

It is probably that this tragedy would never have been divulged, had it not been for the efforts and good fortune of many people. The original tipster, Michael Howlett, George Thiem, Warren Wright, Robert Rietzler, Thomas Fitzgerald, J. Waldo Ackerman and William Stratton, were all key participants in exposing Hodge. These men were working against the forces of Hodge, Epping, Lydon, Hintz and the syndicate, who were determined to stymie the investigation.

Nobody has been able to give a sound reason for why Hodge embezzled the money, but different reasons have different implications on the system as a whole. The psychologists suggest it was his "starved ego." This explanation is not surprising, since there are few politicians who are truly humble, shunning the public spotlight. Politics seems to draw individuals who need to be the "big man" and thus we will have embezzlers in high public office for as long as the system encourages "starved egos" to become politicians. This will undoubtedly occur when "Philosophers become Kings and Kings become Philosophers," but what can be done until then? Perhaps the reason for Hodge's embezzlement was something more than his personality. We can only hope, because it has been over two thousand years since Plato laid out his formula for a good ruler, and in this time it does not appear that we have had many Philosopher Kings.

If Hodge took the money because he was simply acting in a manner that was in keeping with the political climate in which he grew up, there
is much more hope for the system. Madison County is no longer a cesspool of corrupt politicians and gamblers who can control a key state-wide office. The checks that the media, particularly TV which was in its infancy at the time of the Hodge affair, can exert are much greater than when Hodge was Auditor, and there is no longer the incestuous relationship between supposed nemeses.

If Hodge did what he did because he was malevolent, then the system has the greatest opportunity for survival. Perhaps Hodge was just a "bad apple" who had overextended himself with promises he couldn't keep, and then needed a large amount of money to buy his way out. As Paul Powell once said, "You don't burn down the church just because the preacher has run off with your wife." (However, Paul Powell had several thousand illegal dollars in shoe boxes after he died.)

What the State of Illinois has done, is work under the latter assumption that the system was bad, and thus Hodge was allowed to embezzle the money. Therefore, if the system is improved, this will not again occur (or at least not occur in the grand manner that Hodge operated).

Apparently this has been the correct path to take because Illinois state government "is a lot cleaner than it used to be. It is a lot cleaner than everybody thinks it is. It is not as efficient as it ought to be, but it is a good deal more efficient than anybody thinks it is. I would venture that the government is no more inefficient than any entity of similar size." If this is the case, perhaps we have finally rendered Plato's myth of Gyges academic, and place Illinois beyond the clutches of politicians who would rob the state blind in the manner that Orville E. Hodge did given the chance.
CHAPTER 7 NOTES


2 Interview with Tom Littlewood, University of Illinois, Urbana, Illinois, 8 March 1983.


5 Milton L. Rakove, p. 389.


7 Arthur M. Fitzgerald, as told to Len O'Connor in 1956, from tapes from the Chicago Historical Society.

8 Telephone interview with Orville E. Hodge, 1980; "Term Cut, Hodge Could Be Freed Late in January," St. Louis Post Dispatch, 7 December 1962, pp. 1, 8.


10 "Epping Hodge Scandal Figure Denied Clemency," Chicago Sun Times, 31 March 1959.


13 "Hodge's Hotel in Florida to be Auctioned," Chicago Tribune, 29 September 1956, p. 4.

14 Arthur M. Fitzgerald, as told to Len O'Connor.

15 George Thiem, p. 217.


17 Arthur M. Fitzgerald, as told to Len O'Connor.


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