



Nebraska History posts materials online for your personal use. Please remember that the contents of *Nebraska History* are copyrighted by the Nebraska State Historical Society (except for materials credited to other institutions). The NSHS retains its copyrights even to materials it posts on the web.

For permission to re-use materials or for photo ordering information, please see:

<http://www.nebraskahistory.org/magazine/permission.htm>

Nebraska State Historical Society members receive four issues of *Nebraska History* and four issues of *Nebraska History News* annually. For membership information, see:

<http://nebraskahistory.org/admin/members/index.htm>

Article Title: Gangland Crime Arrives in Lincoln: The Lincoln National Bank and Trust Company Robbery of 1930

Full Citation: George Wilson, "Gangland Crime Arrives in Lincoln: The Lincoln National Bank and Trust Company Robbery of 1930," *Nebraska History* 73 (1992): 25-31

URL of article: <http://www.nebraskahistory.org/publish/publicat/history/full-text/NH1992Crime.pdf>

Date: 8/23/2013

Article Summary: Six unmasked robbers entered an unguarded Lincoln bank in 1930 and walked away with two and a half million dollars. Although arrests were made and some stolen securities were returned, law enforcement officials never fully solved the case.

Cataloging Information:

Names: Fred Shepherd, Max Towle, Forrest Schappaugh, William Condit, Charles Bryan, George Stoy, J Edgar Hoover, Max Towle

Bank Officers and Employees: Hazel Jones, Sterling Glover, W E Barkley, Florence Zeiser, H E Leinberger, E H Luikart, W A Selleck

Men Arrested: Thomas "Pat" O'Connor, Howard "Pop" Lee, John Jack Britt, August "Gus" Winkler, Eddie Doll (Eddie LaRue), Dewey M Berlovich, Franklin P Ferguson

Nebraska Place Names: Lincoln

Keywords: Lincoln National Bank and Trust Company, Continental National Bank, securities, Secret Six, Sterling Glover, Eddie Doll (Eddie LaRue), Hazel Jones, Florence Zeiser, Thomas "Pat" O'Connor, Howard "Pop" Lee, John Jack Britt, August "Gus" Winkler, Dewey M Berlovich, Franklin P Ferguson, Max Towle

Photographs / Images: William E Barkley; Maxwell G Towle; O Street east from Eleventh Street in 1936; detail of Oswald Black cartoon captioned "Here in Lincoln," *Sunday State Journal*, Lincoln, September 21, 1930; Guy R Spencer cartoon, "Another Western Need," *Omaha World-Herald*, September 18, 1930

GANGLAND CRIME ARRIVES IN LINCOLN: THE LINCOLN NATIONAL BANK AND TRUST COMPANY ROBBERY OF 1930

By George Wilson

Today's electronic banking systems have almost eliminated gangland style assaults on safes and vaults such as that perpetrated in Lincoln on September 17, 1930, by a group of men never identified with complete certainty. Several years after the robbery, the FBI released a list of the six men it considered responsible. Missing from the list were two men who served ten years each in the Nebraska State Penitentiary for the crime; one who was released after two juries failed to reach a verdict; and one who returned most of the stolen bonds.

A federal grand jury after two days of investigating the Lincoln robbery reported on May 15, 1931, without bringing any indictments.¹ A year later "officers of a Lincoln organization" and "a number of private individuals" petitioned the judges of the Lancaster County District Court to convene a grand jury, which presiding Judge Chappel promised to do if "competent evidence to warrant such procedure" was presented.² Apparently the judges did not find the evidence that would warrant the calling of a grand jury.

Whoever the criminals were, they

George Wilson of Lincoln is a Nebraska State Historical Society member and volunteer.

managed to pull off a robbery listed for the next twenty years as the nation's largest and to thereby cause the insolvency of the Lincoln National Bank and Trust Company. The Lincoln Police Department was jolted out of its complacency and forced to modernize to meet the needs of a growing metropolis.

By 1930 bank robberies in the Midwest were increasing. From January 1 to September 16, 1930, nine Nebraska banks suffered losses at the hands of bank thieves. The residents of Lincoln boasted of their police department, smaller than that of other cities of its size.³ The Lincoln Police Department's lack of manpower, equipment, and training reflected this attitude. Joseph T. Carroll, longtime police chief, recalled:

There was not much training. You were assigned and you worked under the direction and supervision of a seasoned police officer. They gave us a .38 revolver. The foot patrolman carried a night club and handcuffs.⁴

The former Lincoln assistant police chief, Eugene Masters, remembered: "The night I went to work, they gave me a gun and a badge and I was a policeman."⁵

This complacent attitude lulled the residents of Lincoln into a sense of false security. On September 17, 1930, the Lincoln National Bank and Trust

Company, located at Twelfth and O in the heart of Lincoln's business district, was robbed.⁶ Six unmasked men arrived at the unguarded bank, committed the robbery within eight minutes, and then escaped without leaving a trace.⁷ This robbery was the largest in American history until January 17, 1950, when seven masked men entered the vault room of the armored trucking service of Brink's Incorporated in Boston and stole \$2,775,395.12.⁸

On the day of the robbery, the routine of the employees of Lincoln National was interrupted about 10:02 A.M. when a stolen Buick sedan with stolen Iowa license plates stopped just outside the building. Five business-like men got out; the driver stayed behind the wheel, leaving the engine running. Another man stayed outside the bank, holding a machine gun by his side, and four men entered, leaving one stationed just inside the front door.⁹

Hazel Jones, a former switchboard operator and stenographer, recalled:

They each had their own job to do. They came in the front door and got the officers on the floor, hitting some of them. As they went on down the line where the tellers were, somebody went in the back and got them [employees] on the floor. I thought first it was a joke but it was no joke.¹⁰

Jones did not have a chance to phone for help.

I was sitting clear back where I couldn't see and I was busy with my work. The one who got me off the switchboard had a gun that he put in my face and got me off the telephone and on the floor.¹¹

Bookkeeper Sterling Glover remembered that those slow to respond to the leader's demands were hit. W. E. Barkley, a bank director, was also struck. No one was seriously injured, but Barkley did require medical attention.¹²

After gaining control of the first floor, one of the men went to the lower level, where Glover and three bookkeepers were working. Glover remembered:

The first thing we knew there was someone standing there pointing a gun at us and told us to put our hands up and we thought it was a joke but when we saw the gun, we knew it wasn't a joke. He herded the four of us up stairs and made us lay down at the nearest place. They told us to keep our heads down.¹³

With everyone upstairs, the leader shouted, "Where's Leinberger?" (H. E. Leinberger was assistant cashier.) E. H. Luikart, vice president, explained he was out on bank business and that the heavy vault door could not be opened. "He was the only one who could open the safe. The vault was open but the safe wasn't," Jones said.

The vault door's time lock, opened that morning by Florence Zeiser, assistant trust officer, had not been properly reset by her. Inside the main vault there were several smaller safes. About \$400,000 to \$500,000 worth of securities were in clear view of the bank robbers that morning, according to teller Marie Scott.¹⁴

After looting the teller cages of cash and collecting negotiable and non-negotiable securities from inside the vault, the robbers turned their attention to the cash safe. Glover recalls that the men

stuffed everything in a bag something like material pillows were made out of. There wasn't too much cash in the vault, mostly silver. They asked [Miss Zeiser] to open the cash vault and she said she didn't know the combination. One fellow ordered, "Well, shoot her."¹⁵

Just then one of the robbers indicated that the time was up, and Zeiser was ordered to lie down again.

No one passing the bank, including



William E. Barkley, Lincoln banker and part owner of the Lincoln National Bank and Trust Company. (NSHS-P853)

Elmer Beals, the only patrolman in the area, knew a robbery was in progress until Mrs. Hugh Werner started to enter the bank. She saw what was happening, left hurriedly, and heard two robbers shout after her. She crossed the street to Crancer's Radio Store and told E. W. Wolfenbarger, an employee, to call the police.¹⁶

Desk Sergeant Frank Towle received the call requesting that the police come to Twelfth and O streets. After officers had been dispatched,

the police department got a call to the effect that there was a disturbance at Twelfth and O Streets and the two individuals that went down there was a juvenile officer by the name of Peter Meyers who didn't have a revolver because he normally dealt with kids and [a] motor cycle officer by the name of Forrest Schappaugh.¹⁷

As the officers approached the bank, the robber stationed outside motioned with his machine gun "to just keep moving. Schappaugh . . . had a .38 caliber revolver on him. It was no match for that machine gun."¹⁸

While the officers were returning to

the station, the robbery ended. "They all just left," Glover said. The robbers used their weapons to intimidate bystanders as the bags were put into the back of the Buick. Officer Schappaugh summoned aid and was back at the bank within five minutes, but the thieves were gone.¹⁹

Reports of a dark speeding car with the Iowa license plates of the robbers were received by law enforcement agencies. The car was seen by the credulous on its way south to Kansas, traveling toward Omaha, and fifty miles north of Kearney. Two airplanes employed to search for it returned without finding the whereabouts of the Buick sedan.²⁰ Many suspected that the robbers pushed the car into a waiting van just outside Lincoln and then drove to Kansas City.²¹

By the end of the day State Sheriff William Condit had no suspects in custody nor did he have a clue about where to continue his search. The descriptions given by witnesses varied; a composite was made and distributed to authorities. The business-like behavior of the robbers led law enforcement officers to believe it was committed by well-trained and equipped professional criminals.²²

State Sheriff Condit telegraphed FBI Director J. Edgar Hoover to ask for assistance in apprehending the robbers. However, the federal agency had not at that time received authority to directly enter the investigations of bank robberies; each state investigated these crimes within its borders.

As law enforcement officers attempted to trace the robbers and their vehicle, bank officers and employees were ascertaining the total amount taken in the robbery. Bank president W. A. Selleck stated on the day of the crime that the men had escaped with \$19,531 in cash and an undetermined amount of securities. The total amount reported taken varied, with the figure most often referred to as \$2,500,000.²³

Depositors anxious about the safety of their money closed their accounts in

Lincoln Bank Robbery

such numbers that they could not be paid. As a direct result of the robbery, the board of directors sold the Lincoln National Bank and Trust Company, in business since 1913, to Continental National Bank on September 24, 1930.²⁴

The Lincoln Police Department was widely criticized for its handling of the bank robbery investigation. Chief of Police Peter Johnstone and several ranking officers lost their jobs. "The police department undoubtedly was at fault," Lincoln Mayor Don Love declared. However, others (including bank employees Glover and Jones) defended the police, pointing out that the bank had no security system and that the police "just didn't have the equipment."²⁵

The arrest in November 1930 of two men, Dewey M. Berlovich and Franklin P. Ferguson, for the alleged sale of some of the securities produced no new leads. Berlovich, apprehended in a Chicago brokerage firm with \$11,900 in stolen bonds, managed to clear himself by proving he was in Minden, Iowa, the day of the robbery. Ferguson, a New York City attorney, was arrested there after trying to dispose of \$15,000 of the stolen securities, but claimed to have acquired them in good faith.²⁶

Investigation initiated by the Chicago postal department was assisted by Illinois police and by the Secret Six, "an anti-crime fighting organization [formed] back in Chicago . . . to break up the Capone organization." The investigation culminated on May 8, 1931, with a raid on an East St. Louis flat where remnants of four criminal gangs were meeting. Captured in the raid were three men identified by Nebraska witnesses as the perpetrators of the nation's largest bank robbery: Thomas "Pat" O'Connor, Howard "Pop" Lee, and John Jack Britt.²⁷

Large crowds including Mayor Frank Zehrung were at the Burlington Station in Lincoln May 26 to see the alleged robbers arrive. Governor Charles Bryan went to the Nebraska State Penitentiary to get a close look at the



Maxwell G. Towle, longtime Lancaster County attorney, in front of the chambers of Municipal Court Judge John Polk. Courtesy of Journal-Star Printing Company.

trio. At the arraignment, held on May 28, John Polk, municipal court judge, set a bail of \$100,000 for each man, at that time the largest in the state's history.²⁸ The accompanying newspaper coverage was inflammatory.²⁹

Tom O'Connor was the first to be tried before District Court Judge Fred Shepherd on September 28, 1931, in Lincoln. The defense tried in vain to discredit the prosecution's witnesses, including convicted forger George Stoy, who testified he saw O'Connor with Britt on the morning of the Lincoln robbery. O'Connor produced several witnesses that placed him in East St. Louis the day of the robbery. But after deliberating nine hours, the jury returned a guilty verdict, indicating their belief that O'Connor was the robber with the machine gun standing outside the bank.³⁰

Howard "Pop" Lee's trial began before Judge Shepherd October 19. Prosecution witnesses included Leota Wood, a bank customer who testified that she had seen Lee during the robbery, and Stoy, who told the jury he saw Lee in Lincoln the day of the robbery. The jury returned with a guilty verdict in two hours.³¹ Both O'Connor and Lee had been identified by a number of witnesses, and the jurors disbelieved their alibis.

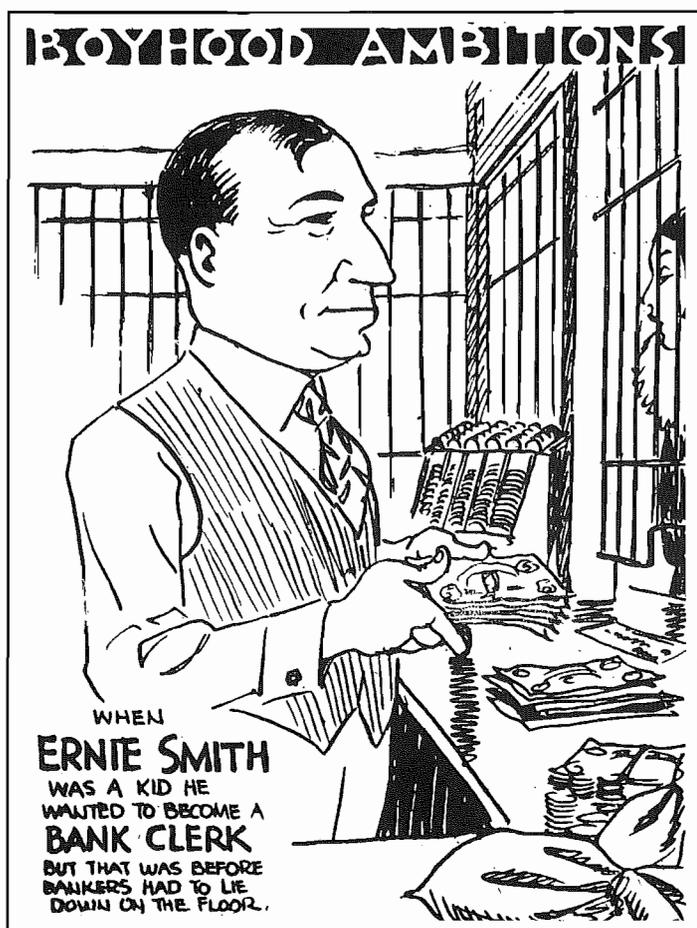
Britt's trial ended on November 8, 1931, with the jury deadlocked after sixty-six hours of deliberation. A second trial that started on November 30 ended in the same manner on December 5 with the jury deadlocked. John Jack Britt was released December 12, 1931, with dismissal of the robbery charge. During his trials, defense attorneys were more successful in dis-



VIEW EAST FROM 11TH ST.

O Street east from Eleventh Street in 1936. The 1936 robbery of the Lincoln National Bank and Trust Company occurred on the northwest corner of Twelfth Street. (NSHS-L244-02C4)





The 1930 Lincoln bank robbery was a target for state newspaper cartoonists: (left) detail from "Here in Lincoln" by Oswald "Oz" Black, Sunday State Journal (Lincoln), September 21, 1930; "Another Western Need," by Guy R. Spencer, Omaha World-Herald (morning), September 18, 1930.

crediting George Stoy's testimony and in pointing out what they perceived as inflammatory remarks made by the press against Britt.³²

O'Connor and Lee appealed to the Nebraska Supreme Court to set aside the lower court's decision, but the high court refused to do so.³³ Both served ten years of their twenty-five-year sentences and were paroled September 10, 1941.³⁴ The two men continued to deny any involvement in the bank robbery throughout their trials and never discussed their cases during subsequent imprisonment.

As O'Connor, Lee, and Britt were awaiting trial in Lincoln, underworld figure August "Gus" Winkler was involved in a car accident near Bridgman, Michigan, while being pursued by police. Winkler was a former associate

of Fred "Killer" Burke, a lieutenant of Al Capone. Witnesses from Nebraska sent to view Winkler in a Michigan hospital identified him as the driver of the getaway car in the Lincoln bank robbery. Winkler denied any part in the holdup and also said that O'Connor, Lee, and Britt were innocent.³⁵

Winkler was returned to Lincoln on September 16, 1931, and arraigned September 18, with bond set at \$100,000. After posting bail through Phil D'Andrea, a bodyguard for Al Capone, Winkler returned to Chicago. He thereafter offered to Towle to return \$600,000 in stolen securities along with assurances that the rest had been burned, in exchange for dismissal of the charges filed against him.³⁶

County Attorney Towle found himself under much criticism. Governor

Charles Bryan considered it humiliating to the state to even consider the offer.³⁷ However, pressure to accept mounted.

On November 25 Towle announced that he and Sergeant Roy Steffens, investigator for the Illinois state attorney's office, had thoroughly checked the alleged bank robber's alibi and determined that Winkler was in Buffalo, New York, at the time the robbery was committed. The charge of robbery of the Lincoln National Bank and Trust Company was dismissed against Winkler on December 12, 1931.³⁸

On January 4, 1932, Sergeant Steffens in Chicago received a telephone call directing him to the corner of Armitage and Newcastle, where he found an old suitcase containing \$584,000 of the Lincoln National Bank

Lincoln Bank Robbery

securities.³⁹ Gus Winkler, working through his underworld contacts, had apparently kept his pledge to see that the securities were returned.

On December 31, 1932, the final payment of \$2,000 was made on a \$2,250,000 note to Continental National Bank, which had insured the payment of Lincoln National Bank depositors. Funds were returned to 24,000 depositors and investments to stockholders over a fifteen-year period.⁴⁰

Several years later the FBI listed the men who it believed actually planned and executed the robbery: Edward "Willy" Bentz, Charles Joseph Fitzgerald, Homer Wilson, Gus Stone, Avery Simon, and Eddie Doll (also known as Eddie La Rue).⁴¹

Doll was apprehended April 27, 1934, and reportedly admitted he was one of the men who robbed Lincoln National. He said that O'Connor and Lee had no part in the robbery. Winkler, he stated, was not involved and took \$35,000 of his own money to purchase the securities to return to Nebraska authorities.⁴²

Lancaster County Attorney Max Towle and others continued to work on this case long after the securities were returned and the gangland style death of Gus Winkler in Chicago in 1933. Suspicions of the shadowy influence of Al Capone and other "bosses" permeate newspaper and other accounts of the heist. The Lincoln National Bank and Trust Company robbery is remembered as one of the city's peripheral brushes with organized crime during the 1930s - in the popular mind if not in fact.

NOTES

¹*Evening State Journal* (Lincoln), May 14, 1931; *Lincoln Star*, May 14, 17, 1931.

²*Evening State Journal*, Mar. 14, 1932. *Lincoln Star*, Mar. 14, 1932.

³*Evening State Journal*, Sept. 27, 1930.

⁴Interview with Jos. T. Carroll, former Lincoln police chief, by author, May 28, 1987.

⁵Interview with Eugene Masters, former Lin-

coln assistant police chief, by author, July 8, 1988.

⁶*Lincoln Star*, Sept. 17, 1930. Interview of Jos. T. Carroll by author, Nov. 5, 1987. *Evening State Journal*, Sept. 17, 1930.

⁷*Lincoln Star*, Sept. 17, 1930. *Omaha World-Herald*, Sept. 18, 1930. There were varying numbers of robbers reported.

⁸*Boston (Mass.) Herald*, Jan. 18, 1950. *Lincoln Evening Journal*, Jan. 18, 1950.

⁹*Evening State Journal*, Sept. 17, 1930. Interview with T. Clement Gaughan, defense attorney, by Warren H. Spencer, Dec. 1, 1980. Copy at Nebraska State Historical Society.

¹⁰Interview with Hazel Jones by author, Oct. 24, 1989.

¹¹*Ibid.*

¹²Interview with Sterling Glover by author, Aug. 17, 1989. *Evening State Journal*, Sept. 17, 1930. *Lincoln Star*, Sept. 17, 1930. *Omaha World-Herald*, Sept. 18, 1930.

¹³Interview with Sterling Glover. Nebraska Bankers Association, Criminal Investigation Division, Office of State Sheriff, Lincoln. State Sheriff file on the Lincoln National Bank and Trust Company robbery, RG 100, Nebraska State Historical Society (NSHS).

¹⁴Interviews with Sterling Glover, Hazel Jones. *Evening State Journal*, Oct. 20, 1931.

¹⁵Interview with Sterling Glover.

¹⁶*Evening State Journal*, Sept. 17, 18, 1930.

¹⁷Interview with Jos. T. Carroll, Nov. 5, 1987.

¹⁸*Ibid.*

¹⁹Interview with Sterling Glover. *Evening State Journal*, Sept. 17, 1930. *Omaha World-Herald*, Sept. 18, 1930.

²⁰*Evening State Journal*, Sept. 17, 1930. Nebraska Bankers Association, Criminal Investigation Division, Office of State Sheriff, Lincoln, Nebraska, Oct. 8, 1930, identified the car as a seven-passenger Buick sedan, either a 1929 or 1930 Master Six. The color was thought to be blue-black with natural wood wheels. State Sheriff file on the Lincoln National Bank and Trust Company robbery, RG 100, NSHS.

²¹Interviews with T. Clement Gaughan and with Jos. T. Carroll, Nov. 5, 1987. *Lincoln Star*, Sept. 18, 1930. Vince Rhoades, "The Nation's Largest Bank Robbery," *Empire Magazines (Denver Post)*, Nov. 17, 1957, 6-7.

²²Interview with Jos. T. Carroll, May 28, 1987.

²³*Evening State Journal*, Nov. 6, 1930; May 13, 1931; Jan. 6, 1932. *Minneapolis (Minnesota) Journal*, Dec. 10, 1930. Bank and insurance officials investigating the loss reported on Dec. 17, 1930, the total loss to be \$2,268,700. Robert Houston, "Robbed in 8 Minutes; Salvaged in 15 Years," *Omaha World-Herald*, June 6, 1948, 3C.

²⁴Interviews with Sterling Glover, T. Clement Gaughan. *Lincoln Star*, Sept. 24, 1930.

²⁵*Lincoln Star*, *Evening State Journal*, Sept. 19, 1930. Interview with Sterling Glover.

²⁶*Evening State Journal*, Nov. 6, 8, Dec. 19, 1930. *Lincoln Star*, Nov. 14, 1930. *New York Times*, June 17, 1931.

²⁷Interview with T. Clement Gaughan. "Lee, O'Connor Denied Trials, Jan. 9, 1932." State Sheriff file on the Lincoln National Bank and

Trust Company robbery, RG 100, NSHS.

Evening State Journal, May 9, Nov. 18, 1931. *Illinois State Journal* (Springfield), May 9, 1931. *Chicago Daily Tribune*, May 9, 1931. *Lincoln Star*, May 12, 1931. *Whiteside Sentinel* (Morrison, Illinois), May 11, 1931. *East St. Louis Daily Journal*, May 10, 1931.

²⁸*Evening State Journal*, May 26, 1931. *District Court Journal*, 117, Lancaster County, Nebraska, 105, John Jack Britt, R 135; 106, Thomas O'Connor, R 133, and Howard Lee, R 134. RG 207, NSHS.

²⁹Interview with T. Clement Gaughan.

³⁰*District Court Journal*, 117, Lancaster County, Nebraska, 363, 365. RG 207, NSHS. *Lincoln Star*, Sept. 29, 1931. *Evening State Journal*, Sept. 28, 29; Oct. 2, 1931. Interview with T. Clement Gaughan.

³¹*Evening State Journal*, Oct. 20, 22, 23, 1931. Interview with T. Clement Gaughan. *Lincoln Star*, Oct. 21, 1931.

³²*District Court Journal*, 117, Lancaster County, Nebraska, 502, 579, 589. RG 207, NSHS. *Evening State Journal*, Dec. 3, 6, 12, 1931. *Lincoln Star*, Dec. 3, 1931.

³³*Nebraska Supreme Court Briefs*, Vol. 33, Gen. No. 28266, Thomas Pat O'Connor v State of Nebraska, filed Feb. 17, 1932, College of Law, University of Nebraska-Lincoln; Vol. 37, Gen. No. 28297, Howard Lee v State of Nebraska, filed May 28, 1932.

³⁴Descriptive Records of Inmates, Department of Correctional Services, State Penitentiary and State Reformatory, Vol. 6, 201, Thomas Pat O'Connor, No. 10929, Sept. 10, 1941; and Vol. 6, 205, Howard Lee, No. 10958, Sept. 10, 1941. RG 86, NSHS.

³⁵*Evening State Journal*, Aug. 8, 1931. *Herald Palladium* (St. Joseph, Mich.), Aug. 7, 10, 1931.

³⁶*Evening State Journal*, Sept. 16, Nov. 9, 1931. *Herald Palladium*, Sept. 15, Oct. 20, Nov. 9, 1931. *Lincoln Star*, Oct. 20, 1931.

³⁷*Evening State Journal*, Nov. 9, 1931. *Herald Palladium*, Nov. 9, 1931.

³⁸*Evening State Journal*, Nov. 25, Dec. 12, 1931. *Herald Palladium*, Nov. 25, 1931. State of Nebraska v Gus Winkler, *District Court Journal* 117, Lancaster County, Nebraska, Dec. 12, 1931, 588.

³⁹Newspaper reports of the value of the securities returned by Winkler varied. *Lincoln Star*, Jan. 6, 7, 1932. *Evening State Journal*, Jan. 6, 7, 1932. Interviews with T. Clement Gaughan and with Jos. T. Carroll, Nov. 5, 1987. *Omaha World-Herald*, Jan. 7, 1932. Houston, "Robbed." Rhoades, "Nation's Largest," *Herald Palladium*, Jan. 6, 1932.

⁴⁰"Robbed Bank Pays Last of Its Debt," Jan. 1, 1933 State Sheriff file on the Lincoln National Bank and Trust Company robbery. RG 100, NSHS. *Lincoln Star*, Dec. 31, 1932. Houston, "Robbed."

⁴¹Vince Rhoades, "Nation's Largest." Interviews with Jos. T. Carroll, Nov. 5, 1987, T. Clement Gaughan. LaRue was named in Lincoln Bank Robbery, State Sheriff file on the Lincoln National Bank and Trust Company robbery, RG 100, NSHS.

⁴²Houston, "Robbed."