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Frank J. Wilson: The father of forensic accounting

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Frank J. Wilson: The Father of Forensic Accounting

An Honors College Project Presented to
the Faculty of the Undergraduate
College of Business
James Madison University

by Luke Francis Catania

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Abstract

The purpose of this paper is to spread awareness and confer recognition to a mostly forgotten individual: Mr. Frank John Wilson, who was quintessential in the development of techniques used in the field of forensic accounting today. An in-depth analysis into Wilson's early years as an investigator as well as two of his most significant cases, Al Capone and the Lindbergh Baby kidnapper, will demonstrate the techniques he pioneered. Within the framework of these cases, the techniques utilize exemplify the accounting, auditing, and investigative skills required in the forensic accounting field. Specifically, these investigations showcase Wilson's innovative and unprecedented approaches to financial vouching and tracing, use of handwriting analysis, as well as superior investigative due diligence. Wilson dedicated his life to protecting the American people, taking down some of the most infamous and dangerous individuals in United States' history. Yet, his name is universally unacknowledged and unappreciated. The field of forensic accounting is one bound by honor and integrity, and it is important to acknowledge where these values come from. Wilson's story serves as the foundation of forensic accounting and is not one that should be forgotten.

Chapter 1: The Early Years

In the mid to late 19th Century, the belief of the Self-Made Man was at the core of American ideology. The classic “rags to riches” story, a self-made man was someone who, by his own efforts, skills, and talents, was able to overcome great obstacles to achieve his goals. A person was the writer of his own destiny (Kogan 1). Epitomized within the concept of the “American Dream,” this philosophy relied heavily on individualism, the stance emphasizing personal freedom and limited government interference. The belief that hard work and honesty alone was vital towards success permeated throughout society, especially in the children of that age.

Born on May 17, 1887 in Buffalo, New York, Frank John Wilson embodied the ideals of individualism. A quiet, yet very observant and diligent child, Wilson matured far faster than his age, quickly gaining a clear judgment between right and wrong. He had grown up on the extraordinary tales of his father, a once poor farm boy who after a great deal of hard work, not only became a policeman in Buffalo, but would also be chosen to guard President McKinley when he visited Buffalo for the Grand Army of the Republic annual convention. Wilson described his father in his autobiography *Special Agent* as “a strong, dedicated man, he epitomized for me an honorable life, one of duty and bravery” (Wilson 7). Duty was at the heart of Wilson, and through hard work, he believed that someday he could be half the self-made man his father was. However, his interests in law enforcement did not rise until President McKinley was tragically assassinated after visiting Buffalo for the Pan American Exposition some years later. Following the assassination, thirteen-year-old Wilson observed the frenzied mob gathered outside the Buffalo police headquarters, where the perpetrator, Leon Czolgosz, was being held in custody. As the mob uproar escalated, Captain John Martin, a family friend of Wilson and his

father, feared the mob would storm the building and deprive Czolgosz the justice of a fair trial. Thus, he devised a plan to quietly relocate Czolgosz by dressing him in a police uniform. From afar, Wilson observed Captain Martin, the disguised assassin, and other uniformed officers safely slipped out the back of the building into a police wagon, while the untamed crowd roared up front. Wilson was enamored by this simple yet ingenious ruse, calling it “the quintessential of police strategy.... I could think of no finer career than to be numbered amongst such efficient officers of the law” (Wilson 9).

In 1917, the United States became engrossed with The Great War, a monumental event in the eyes of Wilson. At the age of thirty, Wilson felt obligated to put his life on hold to serve his country in the war effort, enlisting in the Army without hesitation. However, despite being physically competent and morally sound, Wilson possessed one unfortunate handicap: he was woefully nearsighted. Undeterred, he memorized the charts to pass his eye exam, but when it became clear to his colonel that he could not hit a single target at the rifle range, Wilson was honorably discharged for physical disability.

I was heartbroken. Here was the greatest epic of all the ages and I could have no part in it! The one crumb of consolation I had was a report that Canada had recently reduced the physical qualifications for her army. I took a steamer across Lake Ontario to Toronto and tried to enlist there. No luck (Wilson 12-13).

With his ability to aid in the war effort abroad severely limited, Wilson decided to turn his attention back to the homeland, passing the Civil Service exam to become a criminal investigator and later applying as a Special Investigator to the Food Administration (not to be confused with the Food and Drug Administration) under the Honorable Herbert Hoover. The Food Administration played a pivotal role in combatting European starvation, assuring the survival of millions Allied lives since Europe’s agricultural industry was decimated by the technological

advances of the time, such as tanks, flamethrowers, and poison gas (Allen 1). Thus, encouraging the spirit of American patriotism, Herbert Hoover began to “assemble the voluntary effort of the people...to mobilize the spirit of self-denial and self-sacrifice in this country” (Cornell 1). “Food Will Win The War” became the rallying cry for the Food Administration, promoting the campaigns of “Meatless Mondays” and “Wheatless Wednesdays.”

In order to reduce waste and restrict profiteering, food processors and dealers were required to be licensed with the Food Administration. As a result, the campaign resulted in a 15% reduction of domestic food consumption without the need for rationing as well as the deliverance of approximately thirty-four million pounds of food abroad (Cornell 1).

During the later years of the Great War, the individualistic sentiments of the late 19th century infused with the rise of Social Darwinism. Emphasized by the country’s patriotism at the time, Social Darwinism promoted the philosophy of “the survival of the fittest.” This ideology became one of the cornerstones of Herbert Hoover, who became the President of the United States following the great success of the Food Administration, as the country plunged into the Great Depression. Hoover referred to this attitude as “rugged individualism,” the idea that the federal government should become involved in the economic lives of the people for fear that federal relief programs would make people dependent on the government, undermining individual character (Hoover 1). Thus, as government involvement decreased and Social Darwinism increased in society, illegal financial profiteering became pervasive throughout the United States, fueled by the desperate, yet opportunistic sentiments of the Great Depression.

Despite the success of the Food Administration, the number of violators who attempted to circumvent the mandated orders was extremely prevalent. Many would lack the ambition to undertake such a task, yet Wilson was unyielding.

This is exactly what I needed to build up my enthusiasm. Turned down for overseas combat, I threw myself into the job of locating and exposing war profiteers as zealously as if every one of them had been conspiring against me personally (Wilson 15).

Under the direction of James B. Stafford, the United States Food Administrator for Northern and Western New York State, Wilson took down countless minor violators, resulting in his quick promotion to Chief Investigator. However, these small yet consistent victories became irrelevant once Wilson and Stafford began investigating Armour & Company, the highly influential meatpacking industry leader who, after an extensive investigation, was selling cold-storage butter as fresh at very expensive prices. In fact, Wilson found that in one month, the company had conducted three hundred and seventy illegal sales of butter. As a result, the Food Administration suspended Armour & Company for three months, drastically damaging their financial profits in a period of great consumer demand. As much as this would seem a triumph, the following day after the company was suspended, Stafford suddenly received a notice from the bank demanding the immediate payment of his mortgage plus interest. This absurd and unreasonable order forced Stafford to sell his house at a loss of one hundred thousand dollars (approximately \$1.4 million today), effectively wiping out his life's savings (Wilson 17-20). Wilson saw firsthand the costs that came with investigating those who seemed untouchable, quickly learning that "disaster can befall a man who dares to go after the really big fish," (Wilson 17). However, this experience reinforced Wilson's conviction that despite the risks, it was his duty to prevent criminal activity and bring any perpetrators to justice.

Following the Great War, the Food Administration transformed into the American Relief Administration by President Woodrow Wilson to provide further aid in war-torn Europe (Gale Group Inc. 1). Feeling his mission in the war effort was complete, Wilson left the Food Administration and became a Special Agent in the Internal Revenue Bureau's Intelligence Unit, later called the Internal Revenue Service Criminal Investigation Division. Under the direction of Elmer L. Irey, this unit was comprised of six inspectors, including Wilson to investigate serious cases of tax fraud and evasion. These agents, dubbed the "T-Men" (Treasury Men), "gained a national reputation for their ability to leverage financial and accounting skills in conducting sophisticated criminal investigations against sophisticated criminal offenders," (Bumgarner, 90). One of Wilson's first significant case was investigating the inherently corrupt U.S. Prohibition Service in 1920-1927 by what many historians refer to as the Ohio Gang. Led by Harry M. Daugherty, the Attorney General of the United States, the Ohio Gang was a group of high-ranking officials within the Harding Administration that directed numerous scandals relating to fraud, bribery, and conspiracy (Britannica 1). Daugherty appointed Roy A. Haynes as the Director of Prohibition of the United States, who in turn, appointed William McConnell, the Federal Prohibition Director of Pennsylvania. Along with Pennsylvania Senator Boise Penrose, many of these Ohio Gang members used their power and influence for their own benefit, representing the source of much of the political corruption that plagued the Harding Administration.

Acting on a tip from one of McConnell's employees, Wilson, along with Assistant United States Attorney T. Henry Walnut, spent six months tracing shipments of whiskey and one-hundred-barrel lots of alcohol, all approved by McConnell with fraudulent withdrawal permits. Within

these six months, McConnell approved one thousand illegal transactions, resulting in two million gallons of liquor delivered to racketeers predominantly in New York City and the surrounding area. This inflow of illegal alcohol represented a huge amount of personal profit for those involved, especially since “historians estimated that by 1925, there were as many as 100,000 illegal bars in New York City alone,” (Sandbrook 1).

Wilson and Walnut had an impenetrable case, which incriminated Director McConnell, three of his staff, and forty-five other henchmen, racketeers, politicians, and big-shot bootleggers.

However, United States Attorney George Cole, another member of the Ohio Gang sponsored by Daugherty and Penrose, denied the motion of moving McConnell’s case to the Grand Jury. After Walnut’s objected to Cole’s refusal to move the case forward, he was abruptly fired. The press became suspicious, running news stories demanding an explanation for Walnut’s firing, and as a result, public opinion forced Daugherty to direct Cole to proceed with the indictment against McConnell. Unfortunately, Walnut’s successor who would prosecute McConnell was also part of, or at least easily persuaded by the Ohio Gang. After two years of questionable delays, the judge dismissed the case, despite a unanimous jury’s desire to vote for McConnell’s conviction (Wilson 20-25).

This case gave Wilson an understanding of what many called “boss justice,” the undermining of the American justice system.

[It was] the term used by law enforcement agents and police to describe the deliberate miscarriage of justice in important criminal cases, where corrupt political bosses

exercised direct or indirect control over investigations and over prosecutions which jointly involved corrupt public officials and big shot racketeers (Wilson 20).

Despite Wilson's thorough case against McConnell, political pressure and corruption resulted in the discharge of justice. In fact, Wilson called this case the "most discouraging [he's] ever handled; however, "it gave me an insight into the workings of crooked politics, which was later to stand me in good stead when I fought other cases of boss justice versus American justice" (Wilson 25).

After the unexpected death of President Harding, Calvin Coolidge and his administration began combatting the corruption that infested Capitol Hill. Daugherty, as well as Interior Secretary Albert Fall, resigned in disgrace following the highly publicized Teapot Dome Scandal. In fact, throughout the Coolidge Administration, Wilson and the other T-Men would conduct countless investigations, resulting in the firing of more than 700 employees and the indictments of 256 others (Klein 1). Due to his profound success in the Intelligence Unit, Wilson was highly regarded as the top investigator by Director Irey, and President Hoover, who had served as Coolidge's Secretary of Commerce, was extremely impressed. Thus, after the tragic events on February 14th, 1929, later known as the Saint Valentine's Day Massacre, Hoover recruited Irey and his men to take down America's Public Enemy No. 1, Alphonse "Scarface" Capone, and without hesitation, Irey assigned his top investigator for the job: Frank Wilson.

Chapter 2: Bringing Capone to Justice

As mentioned, the United States was plagued by the crime syndicate world of racketeering during the Prohibition Era as a direct result from the societal culture of laissez-faire deregulation and political corruption associated with the Harding Administration. In addition, the pervasiveness and capabilities of racketeering bolstered due to the widely unpopular perception of the 18th Amendment and the nationwide demand for alcohol. Consequently, racketeers filled this need through alcohol manufacturing, smuggling, and distribution to speakeasies throughout the country with little resistance from the federal government, exponentially increasing their fortunes. In little time, these racketeers had not only a monopoly on the illegal alcohol market, but also substantial control of gambling casinos, horse races, and brothels. At the forefront was Cicero, a thriving Chicago suburb that quickly became the mecca for organized crime, and the Capone empire.

Al Capone was an extremely dangerous man. In the early days of his reign of Chicago, many people viewed him as a benevolent yet stern enforcer. “To many people, he seemed a real-life Robin Hood, opening soup kitchens for the unemployed and giving large sums to charity” (Sandbrook 1). However, it soon became apparent to many Chicagoans that Capone operated under the veil of generosity. Capone was privy to a life of luxury, living in splendor in Chicago’s Lexington hotel, wearing hundred dollar suits, and drinking expensive wines. “He opted for the finest, and most expensive things he could find, after all he wanted others to know he was the man,” (Shapira 1). This necessity to maintain and flaunt his wealth led to the escalation of gang violence as Capone attempted to consolidate his businesses and eliminate those that threatened

his way of life. The violence in Cicero was at its height when Capone ordered his men to execute seven men associated with one of his longtime enemies, George “Bugs” Moran. They did so by disguising themselves as police officers and once confronted with the members of the Bugs Moran Gang, directed them to turn around as if being searched, and opened fire (History.com 1). This execution, later known as the Saint Valentine’s Day Massacre, not only shattered the façade of selflessness that once shrouded Capone, demonstrating the extents to which Capone would go to satiate his greed, but also showed the world it was imperative to bring put a man that dangerous behind bars.

Tasked with bringing down the man himself, Wilson traveled to Cicero, the location of Capone’s largest gambling dives. However, despite the rumors that Capone had ordered the execution, there was no hard evidence to charge Capone with murder due to the fact that he was extremely careful. Capone always “managed to create plausible deniability, removing himself enough from the violence and illegality so that no connections could be drawn between him and the crimes he authorized,” (Clark 1). Of course, there were plenty of people that knew of Capone’s direct involvement, but they were either loyal to Capone or feared death. One individual even told Wilson, “Why, Mr. Wilson, if I tell you about my deals with Capone, he’ll have me taken for a one-way ride” (Wilson 39-40). Capone was also excessively willing to give out bribes to local officers and prosecutors. In fact, in 1927 Capone spent thirty million alone towards bribing city politicians and law enforcement (Clark 1). Thus, the only option to take down Capone was for Wilson to build a tax case against him. However, despite the fact that Capone had no official job and source of income to account for his lavish lifestyle, proving such a feat was exceptionally difficult. On paper, Capone had no bank accounts, no checks, no tax returns, exclusively dealing

with cash. "There was no clue that a dollar from the big gambling places, the horse parlors, the brothels, or the bootleg joints ever reached his pockets directly" (Wilson 31). For more than two years, Wilson worked endlessly trying to tie any of the proceeds Capone received to him directly, yet had nothing substantial. The standard practices used by the T-Men in prior cases were rendered impractical due to the seemingly impossible task to charge an individual with tax fraud when there were no financials readily accessible that proved it.

Wilson finally got the lucky break he needed late one night after discovering a small black ledger in an old filing cabinet in the evidence storeroom. The cabinet had previously been seized in a police raid of Cicero's Hawthorne Smoke Shop, one of Capone's notable gambling operations.

Way in the back of the cabinet was a package tied in brown paper, pretty heavy. Just out of curiosity I snipped the string and found myself holding three ledgers, black ones with red comers. The first one didn't mean much. The second I spotted as a "special column cashbook." My eye leaped over the column headings: "Bird cage," "21," "Craps," "Faro," "Roulette," "Horse bets." I took the books into my cubbyhole. Here was the diary of a big operation, with a take of from \$20,000 to \$30,000 a day. Net profits for eighteen months (the books were dated 1925-26) were upward of half a million (Wilson, Whitman 15).

Accounting for inflation, this would equate to a net profit of \$9,440,000 today. If Wilson was able to connect this income to Capone, he would have definitive evidence against the King of Racketeers in his tax fraud case.

First, Wilson had to identify the bookkeeper that had written the ledger whose testimony could link Capone to the ledger. However, with neither a concrete name nor the willingness of volunteers, Wilson had to figure out a way to determine the ledger's author. Using his ingenuity,

Wilson turned to the widely unknown science of handwriting analysis. This tactic was unprecedented. At the time, handwriting analysis, also known as graphology, was mainly considered a practice of mere observation rather than one of scientific accuracy. In fact, it was only approximately 10 years prior when Dr. Klara Roman, a psychologist from Hungary, developed the psychogram as a method of measuring graphology factors, and the graphodyne, which measured the specific factors of speed and pressure. In addition, she wrote *Handwriting A Key To Personality*, which would later be considered a leading textbook for modern American graphologists. It would be another seven years before Hans J. Jacoby would write his textbook *Analysis of Handwriting (1939)*, bringing the European method of analysis to the United States (Walla 1). Therefore, the science behind graphology, as well as its use in forensic investigations, was only in its infancy, and Wilson's use of such a technique, even if it did lean more towards observation, demonstrates how Wilson was a pioneer in fusing the fields of graphology and forensics.

I think we must have collected handwriting samples from every hoodlum in Chicago. We got them from the voting registers in the wards, from savings accounts of banks, from police courts, and from the bonds the hoods signed when they were pinched (Wilson 37).

Wilson identifying the bookkeeper as Mr. Lew Shumway. His handwriting on a deposit slip was an exact match to that of the ledger.

Tracking down Shumway was one accomplishment, but getting him to talk was another. As mentioned, Capone had immense power and influence over those he controlled. However, it was Wilson's job to figure out whether Capone controlled Shumway through loyalty or through fear. Wilson was an outstanding interrogator, often being described as an expert at breaking down witnesses. "Wilson fears nothing that walks," his boss Elmer Irey once observed. "He will sit

quietly looking at books eighteen hours a day, seven days a week, forever, if he wants to find something in those books” (Troy 1). For the Capone investigation, Wilson had to be ruthless in order to get his witnesses to talk. However, despite the United States government having significantly less power than Capone, Wilson was able to convince Lew Shumway to talk by using Shumway’s fear for Capone to his advantage. The following is an excerpt from Wilson’s autobiography:

Lew...I know you’re in a helluva spot. You have two choices. If you refuse to play ball with me, I’ll have to send a deputy marshal looking for you at the dog track. I’ll have him ask for you by name and serve a subpoena on you. As soon as the gang knows the government has located you, they will pass the word to Scarface. Knowing your reputation as a gentleman and a truthful man, Scarface will probably decide to have you bumped off at once so you can’t testify...If you don’t like that idea Lew, take choice number two. Come clean with the United States government and tell me the truth about this cashbook and this ledger. You were the bookkeeper at the Hawthorne Smoke Shop. You can identify every entry in these books---and you can tell me who your boss was. I’ll guarantee to keep it a secret until the day of the trial. I’ll send you away to a safe place where the Mafia can’t locate you. Play ball, Lew, and I’ll guarantee that Mrs. Shumway will not become a widow (Wilson 38-39).

Nobody, especially Lew Shumway, wanted to give Capone any reason to have them taken on a “one-way ride,” and Wilson knew this. Thus, Wilson used Capone’s own brutality against him, convincing Shumway of the extremely plausible likelihood of Capone taking out a contract on him after being publically subpoenaed. As a result, Shumway was convinced and gave a complete and honest statement to Wilson detailing the entire operation of the Hawthorne Smoke Shop in exchange for protection. “He said that Scarface Capone was the big shot from whom he took orders, that the set of books not only showed the profits credited to Scarface but it also showed the big amounts paid out weekly for protection to police and local politicians” (Wilson 39). Holding up his end of the deal, Wilson had Shumway and his wife moved to a secure location.

Shumway's claims were further supported when Wilson interviewed the Reverend Henry C. Hoover – no relation to the President Hebert Hoover or FBI Director J. Edgar Hoover – a local minister and leader of a vigilante group known as the West Suburban Ministers' and Citizens' Association. Hoover condemned Capone as a menace to society, and he and his organization often assisted local law enforcement efforts to take down Capone, including the raid of the Hawthorne Smoke Shop. It was at this raid where Hoover claims Capone confessed to him that he was in charge of the gambling organization (Chicago Crime Scenes Project 1). These assertions were later confirmed in a letter to Director Irey in which Wilson stated that “The Capone investigation is going steadily ahead...I sent you a copy of an affidavit made by the Reverend H. C. Hoover, by which we established through admissions made by Al Capone to him that he (Capone) was the owner of the gambling establishment of which we have the book records reflecting a net profit of \$574,000, during a period of twenty-four months” (Figure 1). The testimony of both Shumway and Hoover proved that Capone was in charge of the Hawthorne Smoke Shop; however, Wilson further had to prove that the income generated by the shop went directly into the pockets of Capone. By making this connection, Wilson would be able to charge Capone with tax fraud since Capone had never reported any income on his tax returns.

Wilson had to “track down the low-level gangsters who could testify to how those ledgers proved Capone made money” (Benzkofer 1). This proved to be extremely difficult since the fear of a “one-way ride” was still cemented in the minds of many witnesses. For example, when Wilson and one of his colleagues, Agent Hodgins, went to the Pinkert State Bank in Cicero to try and dig up some financial evidence against Capone, they were met with convenient forgetfulness. “When they showed the cashier their credentials, he said the bank would be happy

to help. But when Agent Hodgins asked specific questions about the bank's possible transactions, directly or indirectly, with the mob or its gambling establishments, the cashier denied any such dealings" (Wilson 46). Despite this, they persisted and discovered cashier's checks in round increments of \$10,000 and \$20,000, totaling to \$450,000 purchased by and made payable to a Mr. J. C. Dunbar. When asked about whom this "J. C. Dunbar" was, neither the cashier nor any of the tellers could remember anything about him. Wilson was only able to get a full description of Dunbar after locating a former teller of Pinkert State Bank. The former teller remembered Dunbar very well, saying that he was the cashier of The Ship, another one of Capone's largest gambling operations, and that his actual name was Fred. Soon after, Wilson identified J. C. Dunbar as Mr. Fred Reis, who was quickly picked up to be questioned. However, in the car ride to the federal building where Wilson would question Reis, Reis defiant and refused to be cooperative.

Despite this inconvenient situation, Wilson had dealt with unruly witnesses in the past and hatched a clever trick to get Reis to talk. Again, since Reis was more afraid of than loyal to Capone, Wilson used this to his advantage. He decided to take a detour during the drive towards the Mississippi River bridge. When Wilson did not show Reis his badge when he demanded to see it, this convinced Reis that he could be going on one of those infamous one-way rides. In response he blurted out, "I never squawked or squealed on Capone in my life. This ain't fair. I don't want to die. I've got a wife and family. Please let me go" (Wilson 48).

Unfortunately, Reis' defiance returned when they arrived at the federal building. Thus, Wilson had another idea: knowing Reis had an irrational fear of insects, Wilson put him in an ancient jail

cell crawling with cockroaches and other insects. It took four days for Reis to realize Capone and his friends had abandoned him, and he finally admitted that he was the cashier of The Ship in Cicero, that Al Capone was his boss, and that the cashier's checks Wilson had found represented net profits of the establishment. "In order to not keep a lot of currency on hand, Reis bought cashier's checks payable to himself, which he would cash whenever currency was demanded [by Capone]" (Wilson 49). This breakthrough was profoundly significant, for it put the abundant profits of The Ship right into Capone's pockets.

Therefore, with the testimony of Lew Shumway and Fred Reis, Wilson had a compelling case against Capone. However, Capone's influence was still too powerful, which prevented other witnesses from coming forward. It was now time to take down some of Capone's lieutenants. If Wilson was able to convict Capone's senior hierarchy for tax violations and send them to prison, this would hopefully demonstrate that the United States government was serious about going after Capone. This tactic would diminish the perception that Capone was invulnerable and spur people to come forward. First on the list was Frank Nitti, Capone's "enforcer." After much digging, Wilson and his team found a bank account that they suspected to be Nitti's and after talking to Wilson, Nitti had confessed that it was his bank account. The account showed deposits of over \$200,000 in six months, Nitti's cut from the alcohol stills in Cicero. Soon after, Frank Nitti had pled guilty and was sentenced to one and a half years. The result of Nitti's conviction was immediate: thirty seven tax returns were amended by worried Chicago racketeers and delinquents, which totaled a staggering \$836,000 of unreported taxable income (Wilson 42).

The collapse of Capone's inner circle quickly followed after the arrest of the syndicate's financial manager, Capone's brother, and other senior members of Capone's organization. It was now time for Wilson to focus on Capone himself, who had grown concerned with the number of diminishing allies. In response, he hired Mr. Lawrence P. Mattingly, an influential Washington tax lawyer. They agreed to meet with Wilson on April 10, 1930. During this interview, Mr. Wilson asked Capone a variety of financial and tax related questions, attempting to try to get Capone to admit that he possessed a flow of taxable income that went unreported. However, the phrases "I'd rather not answer that question," and "I would rather have my lawyer answer that question," soon became Capone's default response whenever asked a question that would cause him to either lie or incriminate himself. In essence, the only information that Capone disclosed during this interview was the fact that he did not keep any records, such as canceled checks or paystubs, and only used cash. The interview quickly ended with no significant progress (Linder Interview 1). Wilson met with Lawrence Mattingly again on September 19, 1930, this time without Capone present. Described in the court transcripts, Wilson testified as to what happened during this meeting:

Mr. Mattingly said it was difficult to get the facts and figures together. He took a letter from his inside coat pocket and while turning it over he would look out the window and talk very slowly, very deliberately. Finally he threw the papers over to me. He said, "This is the best we can do. Mr. Capone is willing to pay the tax of these figures" (Linder Wilson 1).

When this letter was introduced as evidence during the trial, Capone's defense counsel quickly objected to its admission into evidence, stating that "the letter was an attempted compromise, not a confession, [and] the jury would surely perceive it as an admission of guilt" (Eig 353).

However, after a series of arguments, Judge Wilkerson ruled that the letter could be admitted in order to show the statement was made, on the theory that the letter was in effect a statement of

the defendant (Capone), but the contents of the letter could not be considered as proof that the statements made were legitimate. Nevertheless, in the eyes of the Court, this letter was a statement made by the defendant, despite that fact that Mattingly delivered it to Wilson (Linder Wilson 1). In this letter, Mattingly (and therein Capone) stated that Capone's taxable income for the years 1925 and 1926 did not exceed \$26,000 and \$40,000 respectively, and for the years 1928 and 1929 did not exceed \$100,000 per year. Yet, due to Fred Reis' testimony and the abundant proof that Capone lived an extravagant lifestyle, it was already clear that this letter was a lie. What this letter did do though was prove that Capone had confessed to having a tax liability for the years in question. The beginning of the letter reads, "The following statement is made without prejudice to the rights of the above-mentioned taxpayer [Capone] in any proceedings that may be instituted against him. The facts stated are upon information and belief only" (Figure 2). These words translate to Capone stating that whatever he says in this letter cannot be used against him in the court of law, despite the fact that Wilson had told Capone and Mattingly during the initial interview that his office could give no immunity and that what he said would most likely be used in court (Linder Wilson 1). Mr. Samuel Clawson, one of the prosecution lawyers, said it best during his closing statement:

Suppose a speeder, when stopped by an officer, should say; "I am telling you this without prejudice, officer; I don't want it used against me; but I was [speeding.]" Suppose a gambler could tack a little sign on a roulette, "This device is not to be used as evidence against me." Suppose a murderer could put a sign on his gun, "This weapon is not to be used as evidence against me." What a refuge for criminals that would be! And yet, that is what we have here, "I am telling you this, but it is not to be used against me" (Linder Summation 1).

This letter serves as Capone's confession to his tax liability during the years in question, calling for him to pay a substantial government income tax, which he had failed to do. In the end, the evidence was overwhelming, and the panel of jurors found that Alphonse "Scarface" Capone

failed to report \$1,055,375.07 of net income and was therefore guilty of tax fraud. In the Summary Report dated December 21, 1933, Wilson outlined Capone's net income he failed to report each year, totaling the amount previously mentioned, as well as any relevant taxes and penalties. After some calculations, it was determined Capone failed to pay \$219,260.12 in taxes. When combined with \$164,445.09 in penalties, Capone was forced to repay \$383,705.21, apart from any fines or punitive damages ordered by the court (Figure 3).

In the end, Capone was sentenced to eleven years, ten in the Leavenworth Federal Penitentiary and one in the Cook County, Illinois jail, which he had already served from 1931-1932. Most notably, after serving two years at Leavenworth, Capone was transferred to the infamous Alcatraz Federal Penitentiary where he would stay until 1938. The trial and sentencing details are outlined in the Intelligence Unit's final report of the Capone Investigation prepared by Wilson (Figure 4). Nevertheless, the King of Racketeers who terrorized Chicago was finally brought to justice because of the work of Special Agent Frank Wilson (Figure 5). With his use of handwriting analysis, crafty interrogation tactics, and diligent tracing of the laundered money, Wilson was able to establish an impressive, tight-knit case against Capone, making the charge of tax fraud irrefutable. With Capone in prison, his organization collapsed. Shortly after, a flood of scared tax cheaters sent in amended tax returns for fear of experiencing the same fate as Capone. In total, it was estimated that approximately \$4,500,000 income taxes from previously unreported taxable income was collected from these returns (Wilson 54).

With the investigation and trial now officially over and Capone locked behind bars, Wilson settled any doubts of him being the lead investigator of the IRS. His fortitude and ingenuity not only brought Capone to justice, but also introduced forensic accounting techniques to a field long regarded as simple bookkeeping. However, the relative calm after the imprisonment of Capone did not last long, for what would later be known to the country as the “Crime of the Century” had occurred: the kidnapping of the infant son of American war hero Colonel Charles A. Lindbergh. The distraught Mr. Lindbergh had called the agency asking for assistance after Capone had stated that he knew where the baby was and could retrieve him within forty eight hours. Since Wilson and his team were most familiar with Scarface himself, they were the best men for the job. It was quickly determined that Capone knew nothing about the baby and this was simply a ploy to get some fresh air outside of Alcatraz, yet Wilson felt obligated to offer his services to catch the real culprit. “Like the rest of America, we were shocked and stunned – and somehow felt vaguely guilty – about this cruel crime. It was a blot on the face of America” (Wilson 57). Following their duty, Wilson and his team traveled to Hopewell, New Jersey in an effort to bring the infamous Lindbergh baby kidnapper to justice.

Chapter 3: Solving the Lindbergh Baby Kidnapping

On March 1, 1932, Colonel Charles Lindbergh and his wife discovered their baby was missing from the second floor nursery in their Hopewell, New Jersey home. Their baby, Charles Augustus Lindbergh, Jr., was 20 months old and known as the “Eaglet” by the media. He was the precious heart and soul of the Lindbergh family. The kidnapping of the “Eaglet” gripped the nation (Figure 1). Charles Lindbergh was seen as an international celebrity: the first person to perform a solo nonstop flight across the Atlantic Ocean, renown pilot of the Spirit of St. Louis, and the quintessential international symbol of American goodwill (Lindbergh 1). When this tragedy occurred against the nation’s hero, people felt a personal obligation to act. Not only was this sense of duty felt by Wilson but also by Dr. John Condon, a seventy two year old, retired New York City school principal. He had written a letter published in *The Bronx Home News*, offering to serve as an intermediary between the kidnapper and Colonel Lindbergh (Wilson 59) in regards to any communications the two would have facilitating the safe return of Lindbergh’s child. To the amazement of Wilson, both the kidnapper and Charles Lindbergh agreed to Dr. Condon’s offer.

An immediate search of the premises by law enforcement following the kidnapping revealed a broken, makeshift ladder leading up to the second floor nursery window leaning against the house, as well as a ransom note demanding \$50,000 on the nursery windowsill. The note stipulated that \$25,000 of the payment was in twenty-dollar bills, \$15,000 was in ten-dollar bills, and \$10,000 was in five-dollar bills. This was significant since the kidnapper knew that these lower denomination bills were more difficult to trace by investigators. Nevertheless, under the moniker Jafsie, Dr. Condon exchanged multiple communications with the kidnapper through

coded messages within *The Bronx Home News*. These disguised conversations eventually led to the delivery of The Eaglet's night garments, which served as the "proof of life" assurance Charles Lindbergh needed for authorizing the delivery of the ransom payment. In exchange for the \$50,000, the kidnapper would give the location of Lindbergh's baby.

Despite receiving the night garments, Wilson was skeptical. He needed further assurance in case they were double-crossed: handing the kidnapper the ransom payment for a false location. Thus, Wilson had the idea to list the serial numbers of all of the bills used in the ransom payment. This list would then be distributed to banks all across the country. If this turned out to be the case, the hope would be that bank tellers may recognize one of the ransom bills, which would consequently lead them to the kidnapper. Lindbergh initially refused, fearing such an action could put the life of his baby in jeopardy. However, after realizing the potential of being double-crossed without any protection, Lindbergh agreed. Working throughout the night, all 5,150 serial numbers were painstakingly recorded and the ransom package of twenties, tens, and fives was finally assembled (FLEOA 2). These recorded serial numbers were compiled into a pamphlet several pages long which was sent to banks across the tri-state area, the country, and abroad (Figure 2). Furthermore, Wilson had the idea of including \$25,000 of the ransom money as gold certificates, which was spotted by bank tellers more easily than regular currency due to their bright gold seals (Wilson 61). Unbeknownst to the public, the Roosevelt Administration was preparing to issue a recall on all gold certificates, effectively taking the United States off of the gold standard and rendering the gold certificates used in the ransom money essentially worthless. When the kidnapper would attempt to turn in these useless bills in exchange for regular ones,

there would be an increased likelihood of bank tellers recognizing the serial numbers as being part of the ransom payment, and thus increasing the chance of catching the kidnapper (Green 1).

At this point, accounts diverge. Few credit Wilson with the idea of cataloging and compiling the serial numbers of the ransom money as well as suggesting that part of the ransom be in gold certificates. Instead, many give credit to Elmer Irey, the aforementioned Director of the Intelligence Unit. One of the clearest examples of this misplacement of acknowledgment is in A. Scott Berg's biography of Charles Lindbergh:

Elmer Irey, who had the further distinction of being the man who had outfoxed Al Capone, understood Lindbergh's intention to hand over money without any guarantee that the baby would be returned. But he insisted that the serial numbers of the bills be recorded. Irey further suggested that America would probably be going off the gold standard soon, calling in all its gold coins and currency. That being the case, he suggested that the ransom be paid in gold certificates, virtually identical to regular bills except for a round, yellow seal. Even if the country did not change standards, Irey suggested that the gold certificates would be easier to spot (Berg 263).

However, this directly conflicts with not only Wilson's own words in his memoir *Special Agent*, but also the words of Alan Hynd, known for his straightforward reporting, who covered thousands of police cases in his lifetime (including the Lindbergh case). In his nonfiction work *The Giant Killers*, Hynd describes the events that took place once the money used as the ransom payment was delivered from the bank to Agent Wilson and his colleague Agent Madden.

One of the first suggestions the agents made was that half of the ransom total – \$35,000 – be in gold certificates. The idea behind this was that a gold certificate, because of its bright golden seal, was considerably more conspicuous than other currency. Then there was the task of listing the serial numbers and other data on the bills. This required the listing of more than five thousand separate items (Hynd 149).

Furthermore, the American Heritage Association of the University of Wyoming, which has cataloged hundreds of primary documents regarding Frank Wilson between the years 1873 – 1971 in the Rocky Mountain Online Archive (RMOA), also credits Wilson with this idea.

Wilson was also one of the lead agents in the Charles Lindbergh baby kidnapping case. It was Wilson's idea to record the serial numbers on the ransom money, which later led to Bruno Hauptmann who was ultimately charged with the kidnapping. This method of recording serial numbers would become common practice in kidnapping cases (Christopherson 1).

While these accounts do not definitively prove whose idea it was to catalog the serial numbers and use gold certificates, the weight of each source's credibility must be taken into account. In addition, these sources call conflict in the amount of gold certificates used; Bergh stated Irey suggested all of the ransom be paid in gold certificates while Hynd stated Wilson proposed only \$35,000 worth be paid. In order to settle this issue, one must look at source documents that speak the undeniable truth, specifically the court transcripts of Frank Wilson's sworn testimony in the kidnapper's trial, *State v. Hauptmann*. The following is an excerpt of the court transcript of Wilson testifying while being questioned by New Jersey Attorney General David Wilentz and Special Assistant to the New Jersey Attorney General Harold Fisher:

Mr. Wilentz: Now as a result of the various conferences did you finally direct the manner in which the seventy thousand dollars referred to in one of the ransom notes, did you direct the manner in which that money should be handled?

Mr. Wilson: Yes, sir.

Mr. Wilentz: What did you do?

Mr. Wilson: At the conference with Colonel Lindbergh and Colonel Breckinridge and others it was directed that I proceed to the office of J. P. Morgan & Company where a package of currency was available. A package had previously been prepared without retaining the serial numbers. At this time I directed the proper procedure to follow in order to correctly record and describe the currency that had been demanded, in the ransom notes. I instructed them that they should have two men work on each note, each piece of currency, noting the number appearing on it, the series, the correct description as to whether it was a United States gold certificate, a United States note or a Federal Reserve note, and I instructed them to use the gold certificates that were available at the time as part of the package which they should

prepare, and I also instructed them that they should carefully retain the original sheets, upon which the numbers were recorded in order that they could be used at a trial at a later date, and that they should be kept in the possession of one person, who was the head of the office or a responsible person in that office (Trenchard 11803, 11808, 11815).

Mr. Fisher: Who had knowledge besides yourself of the numbers on the bills prior to the passing of the ransom?

Mr. Wilson: Mr. Arthur P. Madden, Special Agent in charge of our Chicago office, who operated with me, in directing the procedure by which the list was prepared, and also the manager of the banking house that prepared the list had knowledge of it (Trenchard 12218, 12224).

Mr. Fisher: I understand that \$70,000 was marked. That is correct, isn't it, Mr. Wilson?

Mr. Wilson: Yes, sir.

Mr. Fisher: And what happened to the \$20,000 that wasn't used [as part of the ransom]?

Mr. Wilson: The \$20,000 that was not used was returned at the direction of Colonel Lindbergh to his bank (Trenchard 12406, 12411).

This is substantial proof that A. Scott Bergh wrongly assigned credit for preparing the ransom payment to Irey rather than Wilson. Wilson's sworn testimony demonstrates that Irey had no knowledge of the serial number list nor the amount of gold certificates within the ransom package at the time the money was cataloged and later when the ransom package was prepared. When combined with the academic weight and credibility of Alan Hynd and the American Heritage Association, as well as Wilson's moral character, it is compelling evidence that the idea was undoubtedly that of Wilson. One could theorize that many credit Irey because he was the director of the Intelligence Unit and oversaw all of the investigations. However, it is Wilson who deserves the real credit. He was the individual who actually worked both the Capone and Lindbergh Baby investigations, spending years to build up strong cases to bring these criminals to justice. It is important to note that these words do not serve to discredit Irey's accomplishments as Director, which there are many, but only to properly assign credit between the two men.

On April 2, 1932, Dr. Condon delivered the ransom payment to the kidnapper in exchange for a sealed envelope. Within the envelope contained the location of the child, stating that the boy was on a boat named *Nelly* in the Long Island Sound between Horse Neck Beach and Gay Head near Elizabeth Island. Many refer to this letter as the “Boat Nelly” Ransom Note (Figure 3).

Frantically, Lindbergh, along with the U.S. Coast Guard, combed the search area for hours but it was to no avail. They had been double-crossed.

Unfortunately, the case then took a turn for the worse. Two months after the kidnapping, the body of Lindbergh’s son was discovered on the side of a road about two miles southeast of Hopewell. Dr. Charles H. Mitchell would later conclude in his autopsy that the baby’s cause of death was a “fractured skull due to external violence,” theorizing that since “blood had been found nowhere near the crime-scene, not even a chisel left behind, it seemed logical that when the ladder broke [as the baby was being taken from the second story nursery], the baby had met his death smashing against the side of the house or onto the ground” (Berg 273). The hope of recovering their child was all a ruse: the baby’s sleeping garments had been kept solely as a bargaining chip. The goal of the kidnapper was simply to collect the ransom money. With Lindbergh’s son now confirmed dead, the case transformed into focusing solely on the identification and apprehension of the murderer. For an entire year, agents followed numerous leads but all reached dead ends.

On April 5, 1933, President Roosevelt issued the Presidential Order that increased the potential flow of Lindbergh ransom money. Due to the growing Depression practice to hoard gold, President Roosevelt directed that all gold coins and certificates valued at more than hundred

dollars be exchanged at a Federal Reserve Bank by the first of May, effectively making it a crime to possess more than hundred dollars worth in gold. On the first of May, the Federal Reserve Bank of New York at Liberty and Nassau received \$2,980 in gold certificates from a man who signed his name as J.J. Faulkner, which turned out to match the listed Lindbergh ransom money numbers. Police searched the address listed on the deposit slip but J.J. Faulkner was never found. More ransom bills turned up across Manhattan throughout the year, but each time the depositor was never located. Yet, the tellers all confirmed the same “J.J. Faulkner” characteristics: a white male of average height, blue eyes, high cheekbones, pointed chin, and a German accent (Berg 297).

For the following two years, Wilson and his agents traced nearly 600 leads on reported ransom bills, hoping that one would lead them back to the kidnapper. However, most of these leads turned out to be completely unrelated and the ones that were related were dead ends (Weber 1). Nevertheless, on September 18, 1934, the Lindbergh Baby investigation caught the break it needed. Ernest Lyons, a gas station employee at the Warren-Quinlan service station on Lexington Avenue and 127th Street, had become suspicious of a man who had paid for ninety-eight cents of gas with a ten-dollar gold certificate bill. Counterfeit ten dollar bills had been flooding the New York area and thinking this was another fake, Mr. Lyons decided to write the license plate of the purchaser on the back of the bill: “4U13-41 N.Y.” When this bill was then deposited at the Corn Exchange Bank in the Bronx, a teller checked it against the list of Lindbergh ransom money and determined it to be a match. Police, with the assistance of the New York Motor Vehicle Bureau, traced the license plate number written on the bill to Bruno Richard Hauptmann, a German-born carpenter living in the Bronx (Figure 4 and Figure 5). When asked

to recall any interaction he had had with the customer, Mr. Walter Lyle, the manager at the service station stated Hauptmann had told him, “the money was good – that, in fact, he had about one hundred more just like it at home” (Berg 298). Hauptmann was picked up the next day with one of the twenty-dollar ransom bills in his pocket. A search of his residence discovered \$14,600 in ransom money buried under the floor in his garage and behind a secret panel in a wall in his home (FBI 1).

Since there were no eye-witnesses to the kidnapping or murder, it was important to establish a compelling case against Bruno Hauptmann. Wilson and his team worked on the suspect’s financial history over the course of two years in order to trace where all of the Lindbergh ransom money had gone: \$50,000 would have been received on April 2, 1932 for the ransom payment and \$14,600 of this ransom payment had been recovered on Hauptmann’s premises, leaving \$35,400 of the ransom payment unaccounted for. If Wilson could account for this allegedly spent money, he would definitively prove that Hauptmann was the man that had received the ransom money. In turn, this would implicate Hauptmann as the kidnapper and killer of Lindbergh’s son. Fortunately for Wilson, Hauptmann kept meticulous records of his financials in various diaries that were located by law enforcement when they searched his Brooklyn home. Using these records, Wilson determined that at the time leading to the kidnapping, Hauptmann only had \$4,942 in assets, which included a used car. However, the financial records stop at the time of the kidnapping, leaving the location of the ransom money unknown. For the next couple of months up until Hauptmann’s trial, Wilson and his team worked tirelessly to determine where this money had actually gone.

We checked banks, brokerage houses, travel agencies, auto companies, stores – anywhere Hauptmann could have spent or deposited any money. By January 1935, when the trial

opened, we had a financial statement fully explaining the \$35,000 he had spent between the night he collected the \$50,000 ransom and the day he was arrested. Hauptmann had opened several brokerage accounts and had lost \$9,132 gambling on the stock market. He had sent his wife vacationing to Germany. He had bought a car. He had gone to Florida. Yet, in all of this time he had been unemployed, without a dollar of income (Wilson 69).

The facts that Hauptmann possessed of a portion of the ransom money as well as his total expenditures totaled the full ransom payment of \$50,000 with no additional cash inflows to disprove the source of these expenditures, it was determined beyond a reasonable doubt that Bruno Richard Hauptmann was indeed the individual who met with Dr. Condon received the Lindbergh ransom money. At Hauptmann's trial, Wilson would take the stand to testify to this exact conclusion. While questioned by Attorney General Wilentz, Wilson attested to the jury that the 493 twenty-dollar and the 474 ten-dollar United States Gold Certificates, the \$14,600 found in Hauptmann's garage, contained serial numbers that were identical to those of the ransom bills.

However, as damaging as this evidence was to Hauptmann's credibility, it did not definitively prove that Hauptmann was the person who kidnapped and murdered Lindbergh's child. It only proved he collected the ransom money. Theoretically, it could be possible that another individual(s) was involved in the actual kidnapping. Thus, acting within an investigative and advisory capacity, Wilson turned to handwriting analysis to prove that Hauptmann was in fact the sole person who had written all of the ransom note exchanges with Dr. Condon, including the original ransom note left in the Lindbergh's nursery. If Lindbergh's handwriting matched that of the original note, this would represent highly profound circumstantial evidence in the implication of Hauptmann in the physical kidnapping and murder.

In total there were 15 notes throughout the course of the investigation, including the original

ransom note (Figure 6). All of the notes were written in a somewhat crude manner, containing many spelling and grammatical errors, which can be seen in the “Boad Nelly” note listed in the Appendix. In addition, these notes all possessed a tone that would indicate the writer was one of German descent, one whose native language was not English. One could also conclude through mere observation that all of the notes were written by the same individual due to the extremely similar handwriting across all notes. This evidence supported Wilson’s hypothesis that only a single individual was responsible for the kidnapping rather than a group of individuals as some theorists suggest. In addition, a majority of the notes contained the same “signature,” a unique symbol comprised of two intersecting circles with a red circle between the two, and three hole punches, two located outside of the two intersecting circles and the middle located in the middle of the red circle (Figure 7). Therefore, with the consistencies of the handwriting, note syntax and signatures, one can deduce that all notes came from a single person.

When he was arrested, handwriting evidence was taken from Hauptmann so that it could be used for comparison with notes already in evidence. To do so, Albert S. Osborn, a leader in the science of questioned document examination, composed a special paragraph to be written by Hauptmann unrelated to the case that contained many key words and phrases that were to be used for the comparison. After comparing many samples to the ransom notes, it was concluded that both writings “disclosed remarkable similarities in inconspicuous, personal characteristics and writing habits, which resulted in a positive identification by the handwriting experts” (FBI 1). Specifically, Hauptmann misspelled many of the same words that were also misspelled in the notes, such as "where" as "were," "our" as "ouer," "later" as "latter," and "boat" as "boad,” (Linder 1). In addition, there were striking similarities when it came to particular details of the

notes and Hauptmann's writing samples. For example, the letter "o" was always open, the letter "t" was never crossed, the letters "x" and "t" were written in a very peculiar manner, and finally, the word "the" was illegible in all circumstances (Ransom Notes 1). One can affirm that the resemblance is uncanny when seeing the visual side-by-side comparisons located in the Appendix (Figure 8 and Figure 9). Therefore, it was determined through handwriting analysis that Bruno Richard Hauptmann was the sole individual who had written every ransom note spanning the two years of the investigation.

The case against Bruno Richard Hauptmann for the kidnapping and murder of Charles Lindbergh Jr. was one that relied heavily on circumstantial evidence. There were no eye witnesses that had seen Hauptmann with the baby nor were there any forensic evidence that could directly tie Hauptmann to the crime. Instead, it was Wilson's sheer ingenuity, thoroughness and poise that formed the pillars on which the entire case against Hauptmann rested upon: the tracing and listing of the serial numbers of the ransom bills and the use of handwriting analysis. In a time that lacked the forensic technology and investigative procedures many take for granted today, such as fingerprint and DNA analysis, Wilson's contributions to this case are the sole reason for Hauptmann's conviction. Only through the list of ransom note serial numbers was Hauptmann identified and only through handwriting analysis was Hauptmann confirmed to be the sole author of all ransom notes. These two key pieces of circumstantial evidence served as the most significant items used by the prosecution to dispel any doubt that Hauptmann was responsible. After a two year long investigation by Wilson and his team, Hauptmann was found guilty and convicted (Figure 10). He was subsequently sentenced to death by the electric chair, carried out on April 3, 1936 (History.com 1).

Chapter 4: Wilson's Contribution to Forensic Accounting

Today, forensic accounting consists of the blending of accounting, auditing and investigative work, which is conducted by those who have been licensed as Certified Fraud Examiners (CFE). All three of these characteristics can be found in Wilson's work in both of the major investigations he led during his time in the Intelligence Unit. Tracing and vouching all of Capone's financials to determine his unreported net income as well as documenting the ransom note serial numbers exemplify how accounting is used for determining net income, tax filing, and recording assets. Utilizing handwriting analysis to determine that the money from the Hawthorne Smoke Shop was in fact Capone's and that the ransom notes were in fact written by Hauptmann shows how auditing is used to verify the legitimacy of documents and the existence of funds. Finally, using some creativity in regards to interrogation techniques, tracing down every possible lead, and using all matters possible within the scope of the law to bring about justice are the signs of a true investigator. All of these characteristics are at the heart of forensic accounting field, pioneered first by Wilson.

More than a standard accountant, a forensic accountant may serve as an investigator, auditor and attorney, for the purpose of looking for clues, predicting the criminal mind, analyzing reports for irregularities, and understanding the law well enough to know how to make evidence work for a case. Wilson and his team worked relentlessly, pursuing every possible avenue, seeking any written record for clues, tracking down those who wrote records and doing their best to get testimony from any key player – certainly no easy job at all (Beebe 1).

Wilson testified in court during Hauptmann's trial on the eleventh of January in Flemington, New Jersey. Famed reporter Adela Rogers St. Johns published the following in newspapers across the country after the testimony of Frank Wilson:

The Federal boys moved into the Hauptmann trial today and with awe we saw the United States Government, cold, relentless, infinitely patient, following the trial of the Lindbergh kidnapper.... Frank J. Wilson, a big, slow-moving, slow-speaking man, with a round,

kindly face, moonlike glasses and a slow smile. A Special Agent of the United States Treasury Department. He wasn't a movie conception of the part – he didn't measure up to any fiction detective. But before he was through with his slow, thorough answers, I felt I would rather have Philo Vance or Anthony Abbott after me – oh, a whole lot rather. Mr. Lloyd Fischer did a fine job of cross-examining. But Agent Wilson was not moved.... He knew his job. He did it. You could no more shake him nor reflect upon his honesty or his sureness of his facts than you could melt a glacier with a blow torch (Wilson 71).

St Johns' words summarize the essence that is Frank J. Wilson. He was a man bounded by his duty to bring justice, meticulous in the details, resourceful during the hardships, uncompromising in the pursuit. Not only did he take down the King of Racketeers but solve the "Crime of the Century." Yet, he goes neither acknowledged nor accredited for the profoundly significant work he has accomplished, work that has shaped both the field of forensic accounting as well as the country's history. Wilson was a very special, talented and resourceful individual who strove to engender justice, never faltering when faced with adversity. He was also a leading role model in regards to moral integrity and ethical values for law enforcement in a time wrought with bribery and corruption. Frank John Wilson was the definition of a true patriot, a true self-made man, who devoted his career to his country. For a man who changed the country for countless generations to come, it is both ironic and a tragedy that his name goes unnoticed and unappreciated in history.

Appendix

Alphonse "Scarface" Capone Investigation

Figure 1: Letter from Frank Wilson to Director Irey updating the Capone Investigation


INTELLIGENCE UNIT
CHICAGO
(Head of Division)

TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

Chicago, Illinois,
March 27, 1931.

FJE-1D

Chief, Intelligence Unit,
Bureau of Internal Revenue,
Washington, D. C.

Dear Mr. Irey:

The Capone investigation is going steadily ahead. Not as fast as I would like to have it, but the evidence in the case against Al has been strengthened since my last letter to you.

I sent you a copy of an affidavit made by the Reverend H. C. Hoover, by which we established through admissions made by Al Capone to him that he (Capone) was the owner of the gambling establishment of which we have the book records reflecting a net profit of \$574,000, during a period of twenty-four months. I am enclosing a copy of a statement made by Chester Bragg, prominent real estate dealer in Cicero, in which he states that Al Capone admitted to him that he was the owner of this establishment. I am enclosing a copy of a report made by David A. Morgan, investigator for the West Suburban Ministers and Citizens Association, of Cicero, and Berwyn, relating to a raid made by him and others on this gambling establishment, May 16, 1925. He states that during the raid he turned over to Lieutenant Davidson, the sheriff in charge of the raid, Mr. Al Capone, as the owner of the place, and I asked Morgan how he knew Al was the owner, and he stated that Al came to the place a few minutes after the establishment had been entered by the officers. The officers had placed a guard at the door with instructions not to allow any one to enter. Al demanded that he be let in and told Mr. Morgan, "I am the owner of this place". When Al entered the establishment during the raid, he also said to Morgan and others, "This is the last raid you will ever pull". It was the last raid Morgan ever pulled. Morgan and

Figure 2: Letter from Lawrence P. Mattingly in Response to Wilson's Investigation

Sir:

The following statement is made without prejudice to the rights of the above-mentioned taxpayer in any proceedings that may be instituted against him. The facts stated are upon information and belief only.

The taxpayer is now 31 years old, and has continuously lived with his wife since his marriage in 1917. He has one child, a son, now nearly 12 years old. Since 1922 he has been the principal support of his widowed mother and his sister and brother, now 19 and 21 years of age, respectively.

Prior to the latter part of the year 1926 he was employed at a salary which at no time exceeded \$75 per week. During the years 1926 to 1929, inclusive, he was the recipient of considerable sums of money, title to which vested in him by right of possession only.

Taxpayer became active as a principal with three associates at about the end of the year 1926. Because of the fact that he had no capital to invest in their various undertakings, his participation during the entire year 1926 and the greater part of 1927 was limited. During the years 1928 and 1929 the profits of the organization of which he was a member were divided as follows: one-third to a group of regular employees and one-sixth each to the taxpayer and three associates.

The taxpayer was at no time the banker for the organization, nor did he, ever actively participate in the conduct of its individual enterprises.

The only attorneys employed by the taxpayer personally during this period were Nash & Ahern, Ben Epstein and Capt. Billy Waugh, all of Chicago, Ill. The so-called bodyguards with which he is reputed to surround himself on the occasion of infrequent appearances in public, were not, as a general rule, his personal employees, but were, in fact, employees of the organization which participated in its profits. Several of these employees stopped at the same hotel with the taxpayer while he was in Chicago.

That a large force of bodyguards did not continually surround him is established by the fact that on the occasion of his arrest at Philadelphia in 1929 only one companion was with him.

The furniture in the home occupied by the taxpayer while he was in Florida was acquired at a cost not in excess of \$20,000. The house and grounds have been thoroughly appraised and the appraisal has been heretofore submitted to you.

There is a mortgage against the house and grounds of \$30,000. His indebtedness to his associates has rarely ever been less than \$75,000 since 1927. It has frequently been much more.

Notwithstanding that two of the taxpayer's associates from whom I have sought information with respect to the taxpayer's income insist that his yearly income never exceeded \$50,000 in anyone year, I am of the opinion that his taxable income for the years 1925 and 1926 might fairly be fixed at not to exceed \$26,000 and \$40,000 respectively and for the years 1928 and 1929 not to exceed \$100,000 per year.

LAWRENCE P. MATTINGLY

<http://famous-trials.com/alcapone/1473-mattinglyletter>

Figure 3: Taxes & Penalties outlined in the Summary Report; prepared by Frank Wilson

<u>Year</u>	<u>Income</u>	<u>Tax</u>	<u>Penalties</u>		<u>Tax and Penalties</u>
1924	\$123,101.89	\$ 32,488.81	25%	\$8,122.20	\$
			50%	16,244.40	56,855.41
1925	257,339.55	55,378.64	25%	13,844.66	
			50%	27,689.32	96,912.62
1926	195,676.00	39,962.75	25%	9,990.69	
			50%	19,981.38	69,934.82
1927	218,056.04	45,557.76	25%	11,389.44	
			50%	22,778.88	79,726.08
1928	157,202.59	30,054.40	25%	7,513.60	
			50%	15,027.20	52,595.20
1929	103,999.00	15,817.76	25%	3,954.44	
			50%	7,908.88	27,681.08
	<u>\$1,055,375.07</u>	<u>\$219,260.12</u>		<u>\$164,445.09</u>	<u>\$383,705.21</u>

<https://www.irs.gov/pub/irs-utl/file-2-report-dated-12211933-in-re-alphonse-capone-by-sa-frank-wilson.pdf>

Figure 4: Final Trial Report of the Intelligence Unit; prepared by Frank Wilson

This form must be forwarded to the Bureau of Internal Revenue, Intelligence Unit, as soon as the necessary data is obtained and must not be delayed.

READ INSTRUCTIONS ON OTHER SIDE

(1) REPORT OF RESULT OF TRIAL OR FINAL DISPOSITION OF CASE

(2) Case No. 22708-F.....

(3) October 22, 1929

(4) U.S. vs. Alphonse Capone,

(5) Alias Alphonse Brown, Al Capone, Al Brown, "Dearface" Capone, A. Costa.

(6) Arrested June 5, 1928 (7) at Chicago, Illinois,
March 12, 1931

(8) Indicted June 5, 1928 (9) at " " "

(10) Crime Willful failure to file income tax returns for the years 1928, 1929,
Willful evasion of income tax for the years 1928, 1929, 1929, 1928, and 1929.

Violation

(11) Section 1114-C of Rev. Act. of 1926,
and Sections 146-A and B, Rev. Act. 1928.

(12) Case called October 9, 1928 (13) at Chicago, Illinois.

(14) Defendant pleaded guilty

(15) Verdict of jury Guilty on counts 1, (16) Date Oct. 17, 1929.
5, 9, 12, 13.

(17) U. S. Attorney Geo. E. Johnson, (18) Judge Wilberforce.

(19) Sentenced October 24, 1929 (20) to 10 years in Leavenworth Penitentiary
and one year in the County Jail.

(21) Remarks: The defendant was sentenced to 3 years on each of counts 1, 5, and 9,
and one year on each of the counts 12 and 13. Felony counts 1 and 5, sentences
to be served concurrently and Count 9 to be served consecutively to the
first two. On the counts 12, and 13, sentences are to run concurrently if
the defendant serves his felony counts, and are to be served after the felony
counts in the county jail. If for any reason the felony counts are reversed,
the defendant is to serve the misdemeanor counts consecutively in the county
jail. The sentence of six months for contempt is to run concurrently with
the misdemeanor count; if all sentences are sustained, and consecutively
if the felony counts are reversed.

Frank J. Wilson

(22) _____
Special Agent.

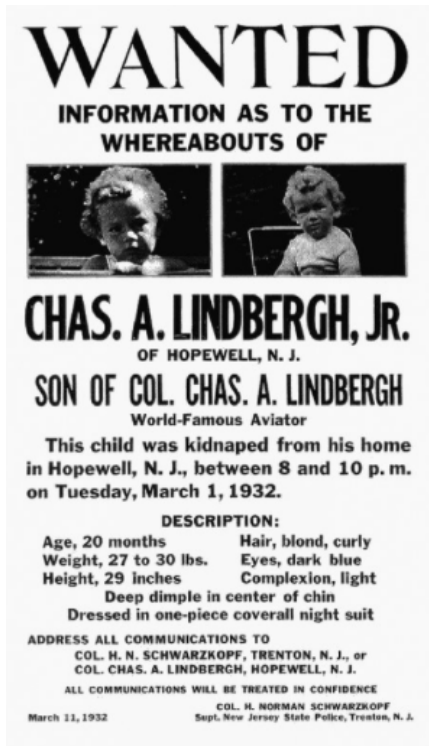
Figure 5: Mug Shot of Alphonse Capone following is arrest on tax invasion charges



<http://famous-trials.com/alcapone/1465-caponeinterview>

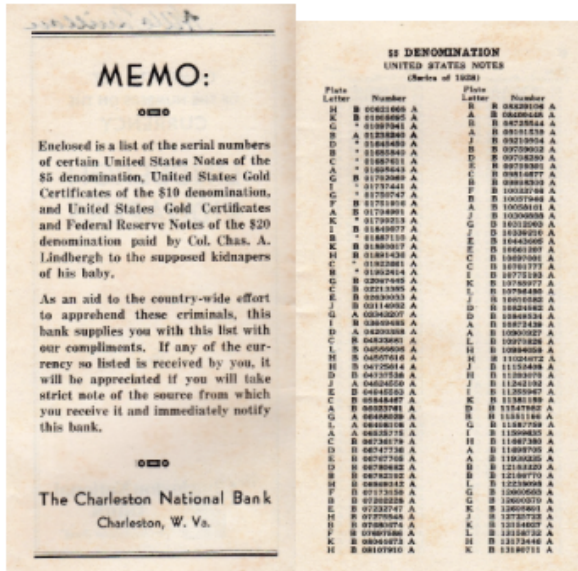
Bruno Richard Hauptmann Investigation

Figure 1: Wanted Poster for Information Regarding the Kidnapping of Charles Lindbergh Jr.



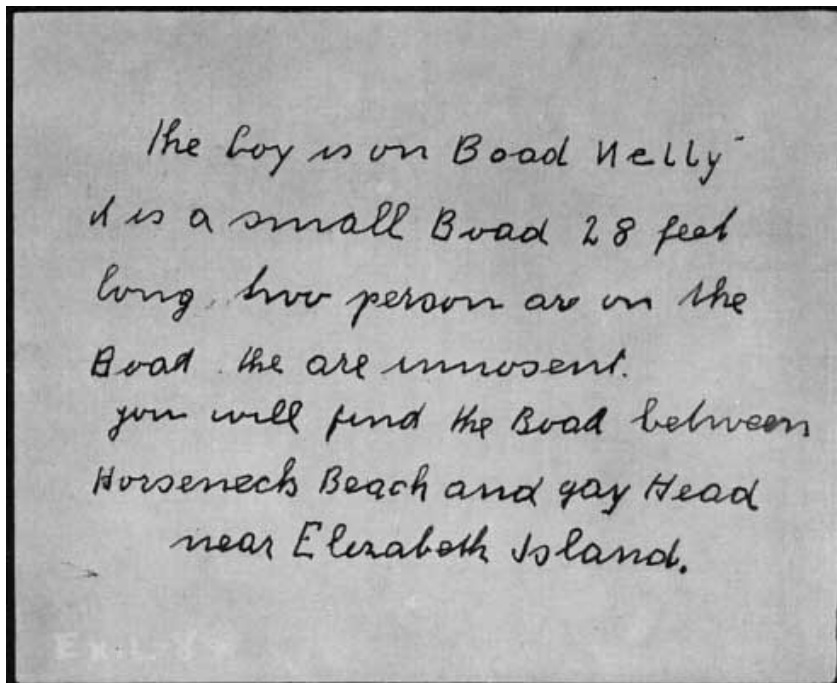
<https://www.fbi.gov/history/famous-cases/lindbergh-kidnapping>

Figure 2: Pamphlet Containing List of Ransom Money Serial Numbers



http://www.fleoa.org/downloads/history_irs-ci.pdf

Figure 3: The "Boad Nelly" Ransom Note



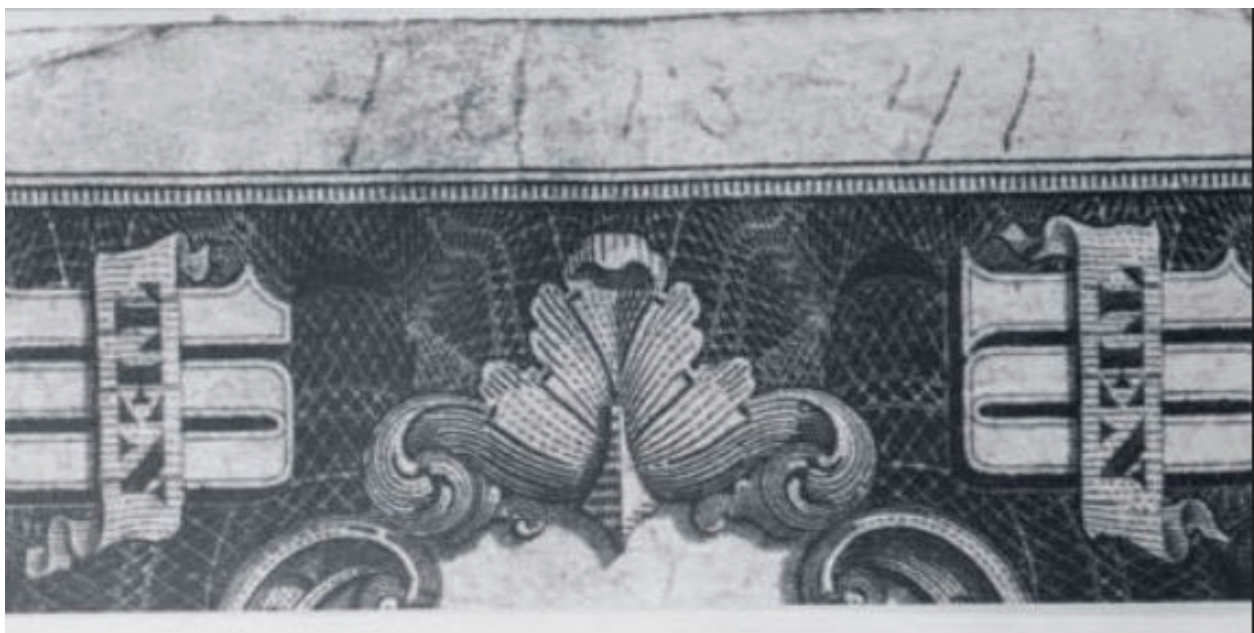
<http://jimfisher.edinboro.edu/lindbergh/writing.html>

Figure 4: The Ten-Dollar Gold Certificate That Led to the Arrest of Bruno Richard Hauptmann



<https://www.thetrialtranscripts.com/hauptmann-gold-notes-passed>

Figure 5: A Close Up Showing the License Plate Number Written on the Gold Certificate



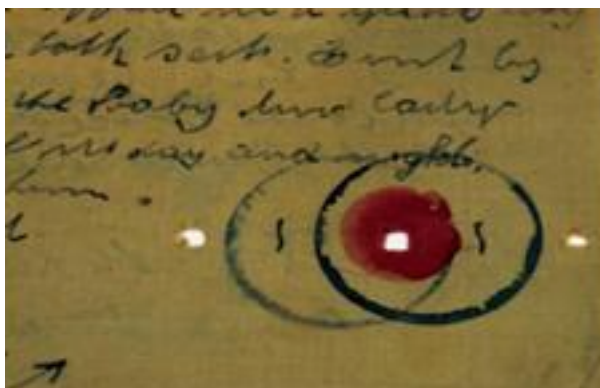
<https://www.thetrialtranscripts.com/hauptmann-gold-notes-passed>

Figure 6: The Original Ransom Note Found in the Nursery of the Lindbergh Residence



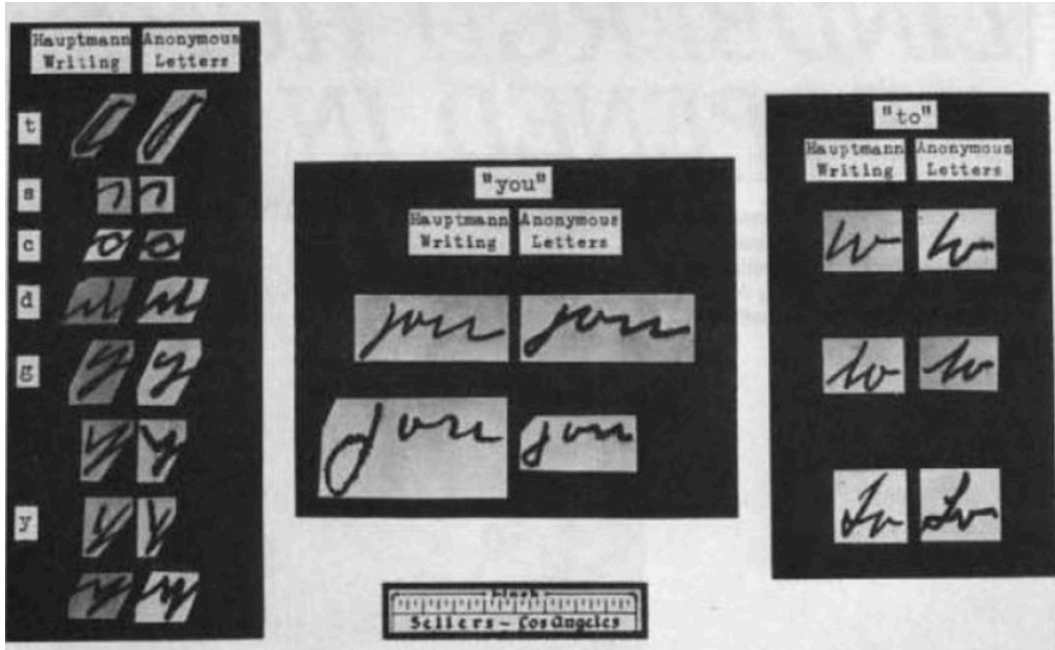
<https://lindberghbabykidnapping.wikispaces.com/Ransom+Notes>

Figure 7: "Signature" located on Majority of Ransom Notes Received



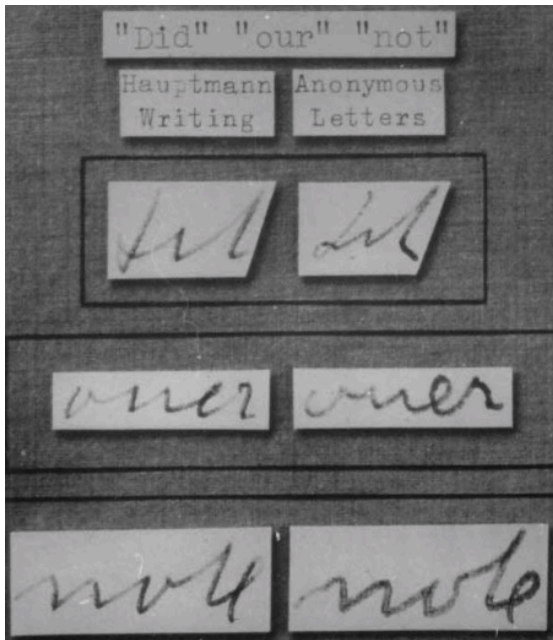
<https://lindberghbabykidnapping.wikispaces.com/Ransom+Notes>

Figure 8: Hand Writing Comparison Between Hauptmann and Ransom Notes



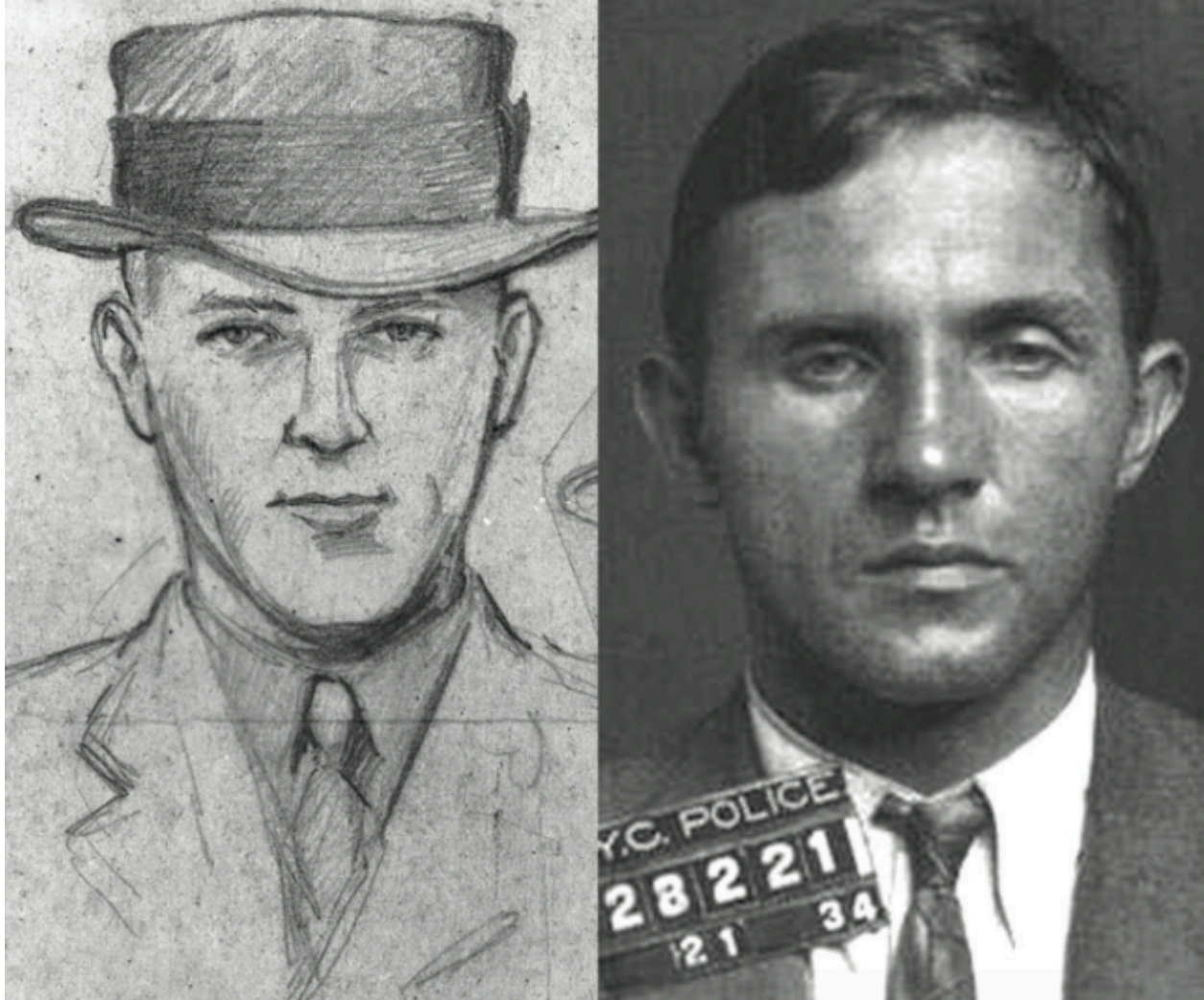
<https://www.thetrialtranscripts.com/lindbergh-comparison-writing>

Figure 9: Hand Writing Comparison Between Hauptmann and Ransom Notes



<https://www.thetrialtranscripts.com/lindbergh-comparison-writing>

Figure 10: Mug Shot and Eye Witness Sketch Comparison of Bruno Richard Hauptmann



<https://www.fbi.gov/history/famous-cases/lindbergh-kidnapping>

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