

# MONEY TRUST INVESTIGATION

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## INVESTIGATION

OF

## FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON  
BANKING AND CURRENCY

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PART 12

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**SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.**

**HOUSE OF REPRESENTATIVES.**

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# MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE  
COMMITTEE ON BANKING AND CURRENCY,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C., Monday, December 16, 1912.*

The subcommittee met at 2 o'clock p. m.

Present, Messrs. Pujo (chairman), Stephens, Daugherty, Neeley, McMorran, and Heald.

Present also, Samuel Untermeyer, Esq., of New York City, counsel for the committee.

## TESTIMONY OF GEORGE H. KENDALL.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you live, Mr. Kendall?

Mr. KENDALL. New York, sir.

Mr. UNTERMYER. What is your occupation?

Mr. KENDALL. President of the New York Bank Note Co.

Mr. UNTERMYER. How long have you been president of the New York Bank Note Co.?

Mr. KENDALL. Over 20 years; and an officer 30 or more.

Mr. UNTERMYER. Where is its place of business?

Mr. KENDALL. 75 Sixth Avenue, New York.

Mr. UNTERMYER. What is its business?

Mr. KENDALL. The engraving of stocks and bonds in steel.

Mr. UNTERMEYER. Is that its sole business?

Mr. KENDALL. It is.

Mr. UNTERMYER. How long has that been its sole business?

Mr. KENDALL. Twenty-five years or more.

Mr. UNTERMYER. Are there other engraving companies in the United States?

Mr. KENDALL. Yes, sir.

Mr. UNTERMYER. Mr. Field, vice president of your company, testified on Friday concerning your difficulties with the New York Stock Exchange.

Mr. KENDALL. He did.

Mr. UNTERMYER. You were present when he testified?

Mr. KENDALL. I was.

Mr. UNTERMYER. Who does the work for the New York Stock Exchange?

Mr. KENDALL. The American Bank Note Co. and its subsidiaries exclusively do the work that is admitted on the New York Stock Exchange. The stock exchange itself has no engraving, pays for no engraving, but the corporations listing securities there pay for

the engraving and should have the right to make the contracts with the engravers. They do not.

Mr. UNTERMYER. Does the stock exchange supervise and determine who shall have the right to engrave securities that are to be listed on the exchange?

Mr. KENDALL. Absolutely; they assume to have and exercise it.

Mr. UNTERMYER. What is the effect of the nonlisting of a security on the exchange?

Mr. KENDALL. The different companies through the country, like my own, of which there are perhaps half a dozen, are deprived of the right to do business. We have a plant where we can employ 500 people and an investment of three-quarters of a million dollars. They exclude us, and we can only employ 25.

Mr. UNTERMYER. Has your work been admitted on the other exchanges throughout the country?

Mr. KENDALL. All except Boston. All the world, except Boston and New York.

Mr. UNTERMYER. You do business all over the world?

Mr. KENDALL. Yes.

Mr. UNTERMYER. I think you said you are the only company that confines itself to engraving?

Mr. KENDALL. Yes. The others do other classes as well. That is our specialty; but there are others engaged in the identical same business as our own.

Mr. UNTERMYER. Are you familiar with the procedure on the New York Stock Exchange with respect to the listing of securities?

Mr. KENDALL. Perfectly.

Mr. UNTERMYER. And have been for how long?

Mr. KENDALL. Thirty years.

Mr. UNTERMYER. What is the effect on the value of a security of a large issue of its failure to receive listing on the exchange?

Mr. KENDALL. They can not do business in New York, sir. That is not strictly true. I wish to correct myself in regard to that. There are some securities very closely held and highly appreciated, like Standard Oil, which is an instance—the only very large one—where they are able to be independent of the exchange; but the average issue must get a quotation on the exchange in order to find a market in New York.

Mr. UNTERMYER. Is it or not necessary that such a security should be listed in order to be available as collateral?

Mr. KENDALL. Yes, sir; generally speaking. That is 99 per cent true.

Mr. UNTERMYER. What are the requirements of the New York Stock Exchange with respect to the engraving of securities that have led to this discrimination against your company, if you know?

Mr. KENDALL. Bluntly stated, because we will not combine with the American Bank Note Co.

Mr. UNTERMYER. Have there been companies other than the American Bank Note Co. whose securities have been listed on the exchange?

Mr. KENDALL. The American has obtained control of them all, which is to the amount of some 30 companies, and they have merged all their plants during the last 40 years into their own premises, with the exception of three, not including in that statement the Boston company, which bears the name of the American Bank Note

Co. of Boston, and the Philadelphia American Bank Note Co. All the others have made a procession into the American Bank Note Co., under their roof, into their building.

Mr. UNTERMYER. Are they subsidiaries of the American Bank Note Co.?

Mr. KENDALL. Not at the present time. They were held outside on the average of, say, 10 years, as ostensible competitors, the American saying to the public, "If you don't like our prices, go elsewhere and take their prices." But in the meantime these people were owned by the American and you could get no satisfaction as to prices.

Mr. UNTERMYER. How do your prices compare with those of the American Bank Note Co. in the engraving of securities that are listed on other exchanges throughout the United States?

Mr. KENDALL. At all times our prices are practically 50 per cent under theirs; but I will say 40 per cent for conservatism.

Mr. UNTERMYER. Does this additional expense in the engraving of the securities operate as a tax on the company?

Mr. KENDALL. On the stockholders; yes, sir. Take the case of United States Steel. I am informed they have paid about \$1,000,000 for their stock certificates during the 11 years of their business career. We would have been glad, and so would any other independent engraving company, to have done that work at half that sum.

Mr. UNTERMYER. Do you know anything, of your own knowledge, Mr. Kendall, as to how much the United States Steel Corporation really has paid for engraving certificates or is this statement of yours simply hearsay?

Mr. KENDALL. My figures are made on the rate per book—taking a dollar or two off of that for conservatism—and then the number of their certificates. They are now in series G, nearly H, I think. I have made the figures on the number. They are the result of actual figuring.

Mr. UNTERMYER. They are the result of actual calculation by you?

Mr. KENDALL. Yes. I am very careful not to make any statement before this committee that is not based on fact.

Mr. UNTERMYER. They are not merely hearsay?

Mr. KENDALL. No, sir; not at all. That is a part of my daily business in life.

Mr. UNTERMYER. What companies now have the right and privilege given them by the New York Stock Exchange to have their securities listed?

Mr. KENDALL. There is a company in London owned by the American.

Mr. UNTERMYER. Owned by the American Bank Note Co.?

Mr. KENDALL. Yes. That is the Bradbury & Wilkinson Co. Then, there is the Waterloo Co., of London. But their competition amounts to nothing, as there is a 25 per cent ad valorem duty.

Mr. UNTERMYER. Let us stop there for a moment, about the English companies. You say there is Bradley, Wilkinson & Co.?

Mr. KENDALL. Yes, sir. That is owned by the American.

Mr. UNTERMYER. And you have said it belongs to the American Bank Note Co.?

Mr. KENDALL. Yes, sir.

Mr. UNTERMYER. What is the basis of that statement?

Mr. KENDALL. A common knowledge for 40 years. That statement will not be denied. There may be some of my statements denied, but that, I am sure, will not be denied.

Mr. UNTERMYER. Waterloo & Co. is an independent company?

Mr. KENDALL. That is an independent company.

Mr. UNTERMYER. Does the New York Stock Exchange accept those securities, except for foreign exchanges?

Mr. KENDALL. It did not; but since the suit which we brought they have admitted them also for American business.

Mr. UNTERMYER. How recently did you bring suit?

Mr. KENDALL. 1909, I think.

Mr. UNTERMYER. 1909 or 1910?

Mr. KENDALL. Yes, sir; perhaps 1909 or 1910.

Mr. UNTERMYER. Is that suit against the members of the exchange?

Mr. KENDALL. Yes, sir; against the stock exchange.

Mr. UNTERMYER. Is it pending?

Mr. KENDALL. Yes, sir.

Mr. UNTERMYER. You say that the English company, Waterloo & Co., can not compete because of the duty on engraved certificates?

Mr. KENDALL. That is one reason. Another reason why it is utterly impractical is that the average life in time—the length of time—of a bank-note contract is six weeks, and, the proofs and designs crossing the ocean, the order could not be executed in time to be practical. They are shut out of it, actually.

Mr. UNTERMYER. In practical effect they do not and can not compete?

Mr. KENDALL. They do not and can not compete. There have never been to exceed three issues. I can only recollect one, the Chinese—and that was all done in London and ordered in London—that was listed.

Mr. UNTERMYER. Since your suit has begun have there been any other companies admitted to the right to have their engraved certificates listed on the exchange?

Mr. KENDALL. Yes, sir. Immediately there were two companies listed, one of which I feel sure the American bought first, because I ascertained that they never gave prices except on contracts with people outside. They can not give you a price. The other I have no proof of, although I have statements that the American Bank Note Co. owned that and do own it at this moment. That is the Republic, of Pittsburgh. But of neither statement have I legal proof.

Mr. UNTERMYER. The names of them are the Republic, of Pittsburgh—and what is the other?

Mr. KENDALL. The Hamilton, of New York.

Mr. UNTERMYER. Up to the time the Hamilton, of New York, was admitted, after your suit was begun, what was the extent of its business?

Mr. KENDALL. The extent of what business?

Mr. UNTERMYER. The Hamilton's business.

Mr. KENDALL. It was a company engaged principally in making tickets—railroad tickets, elevated-railroad tickets. That was 90 per cent of their business. I speak advisedly, because I was a stockholder at one time.

Mr. UNTERMYER. Who then took charge of the Hamilton?

Mr. KENDALL. Mr. Homer Lea.

Mr. UNTERMYER. What relation has he to the American Bank Note Co.?

Mr. KENDALL. He was formerly president of the Homer Lea, and when they bought that company they continued him under a contract as president for 10 years, meantime he not competing; but they gave figures as ordered by the American.

Mr. UNTERMYER. And he has taken the Hamilton?

Mr. KENDALL. Yes; they have sent him to be president of the Hamilton, so I am informed. He is president of the Hamilton. There is one other company.

Mr. UNTERMYER. Yes. What is that?

Mr. KENDALL. The International, which they have taken under their roof in the last two years, and the Lea-Franklin, which was composed of the Franklin and the Lea. The Franklin they ran as an ostensible competitor for 20 years, and after the 10 years they ran the Lea as an ostensible competitor and merged it with the American and called it the American-Lea. All three of these companies, which at the time they took them in appeared technically as two, they have taken now under their roof, after running them all these years as ostensible competitors and denying any relation with them in the meantime.

Mr. UNTERMYER. They are now admitted to be a part of the American Bank Note Co.?

Mr. KENDALL. Yes, sir; also the Western, of Chicago, which they took over about 16 or 17 years ago, having denied any connection with it, but sent out Mr. Victor Keen from their office to take charge of it. They have now put up a sign on it, since our suit, "Branch of the American Bank Note Co."

Those are all the outside concerns in recent years.

Mr. UNTERMYER. Your statement with respect to their being outsiders is what?

Mr. KENDALL. I do not understand the question.

Mr. UNTERMYER. What do you say as to their being outsiders or as to their being part of the American Bank Note Co.?

Mr. KENDALL. After having run for 10 years deniedly, they took them under their roof; and in the case of the International, formerly presided over by Mr. Eckert, he testified, in a suit over his father's will, within a year, in the city of New York, that the American Bank Note Co. kept him there at \$10,000 a year to appear as a competitor of the American Bank Note Co., and the plant was run detachedly during that time. That is one of the concerns that has been taken under their roof in the last less than two years.

Mr. UNTERMYER. Have you here a list of the stockholders of the American Bank Note Co.?

Mr. KENDALL. I have not. Mr. Field, who had them here, and who was better informed as to the detail, and had collated the data for the purpose of testifying, had that list Friday.

Mr. UNTERMYER. They are not here now?

Mr. KENDALL. No, sir; but I can tell you this of my own knowledge—

Mr. UNTERMYER. Mr. Kendall, I think we ought to have the stock list if you have it.

The CHAIRMAN. Will you supply those names?

Mr. UNTERMYER. You can supply them, can you not?

Mr. KENDALL. Under these circumstances: I have bought a little stock of the American Bank Note Co., and after three months of higgling the man in whose name it was bought forced an inspection of the American's stock ledger and took therefrom a list of names, of which over 50 are members of the New York Stock Exchange, some of them governors, some of them on the stock list committee which refused to allow our work for the last 30 years.

The CHAIRMAN. Will you please furnish the stock list?

Mr. UNTERMYER. Did you go over the stock list?

Mr. KENDALL. The person of whom I bought—

Mr. UNTERMYER. I am just asking if you went over this list?

Mr. KENDALL. Yes, sir. I know all about that.

Mr. UNTERMYER. Will you look at that list and state whether that is the list which you prepared of stock exchange members who are stockholders of the American Bank Note Co.?

Mr. KENDALL. It is, sir.

Mr. UNTERMYER. Is that a list that was prepared of stockholders of the American Bank Note Co. who are members of the New York Stock Exchange?

Mr. KENDALL. Yes, sir. But there are others who are very prominent in finance, and who have been very much opposed to us, and are not members of the stock exchange; for instance, Mr. J. Pierpont Morgan.

Mr. UNTERMYER. What do you personally know about Mr. Morgan being a stockholder of the American Bank Note Co.?

Mr. KENDALL. He told me so, sir.

Mr. UNTERMYER. That was how long ago?

Mr. KENDALL. Five years ago. He said to me—

Mr. UNTERMYER (interrupting). I do not think we want to go into what he said.

Whom else do you know to be stockholders?

Mr. KENDALL. These are the ones who are members of the stock exchange who are stockholders of record in the American Bank Note Co.

Mr. UNTERMYER. Will you put that list in the record?

Mr. KENDALL. Yes.

The list referred to was marked "Exhibit No. 126, December 16, 1912," and will be found printed at the end of this day's proceedings.

Mr. KENDALL. Mr. Delmar and Mr. Converse are two other very prominent Wall Street men who are stockholders in the American.

Mr. UNTERMYER. Mr. Chairman, I suggest that we invite the American Bank Note Co. to make a statement on this subject at some future date.

The CHAIRMAN. The chair will announce, on behalf of the committee, that there is no interest in any sense that has been affected by this investigation that will not be given an opportunity to present its claims or argument, one way or the other, upon application.

Mr. UNTERMYER. Has your work been criticized by the stock exchange?

Mr. KENDALL. Yes, sir.

Mr. UNTERMYER. Tell us briefly about that.

Mr. KENDALL. We really started in business in 1880. We made many applications to have them accept our work for use in stocks and bonds. Down to 1887 they mentioned several things where we did not come up to their requirements. One was that we should get into fireproof quarters, which we did; then that we should fit it up with a proper vault, which we did. We spent \$25,000 in so doing. That was in 1881. A committee came and inspected those quarters, and from that day to this they have never reported.

We had a very influential directorate, among whom were Mayor Grace—who was with the company for 12 years—Mayor Wickham, William McCurdy, Robert Sewell, James A. Pierce. We had a very influential board, and we went many times, and they told us many times “Your work is not as good as the other people’s.”

We made specimen after specimen, covering years, and each time we were turned down and told it was not satisfactory. Mr. Sage and Mr. Gould became interested in our board, on their accession, and we made application. They said “You do not do good work.” Mr. Gould asked me if I could suggest any way to get over it.

The result was that he gave us the Western Union certificate, which was made theretofore by the American Bank Note Co., to engrave it, and to engrave it exactly a duplicate with the exception of the imprint. You know what the imprint is—the name of the engraver. Otherwise it was exactly like the one the American Bank Note Co. had been supplying. Without saying anything to the exchange or notifying them in any way, as certificates were sent in for transfer he transferred them onto ours. The Street took them for a year or 18 months, until all the floating supply of the American’s was withdrawn and there were not any out, and they had not found it out.

Then we applied to the exchange again and showed them samples of our work, and they said, “You do not do good enough work.” Then I called their attention to the fact that they had had our Western Union certificates for a whole year or 18 months and had not found it out, and there were not any of the certificates made by the American in the Street at all, and we considered that, we told them, a pretty good test of our work, a good test that our work was as good as that of the American, since they had used the duplicate for 18 months and had not found it out. Shall I go further?

Mr. UNTERMYER. Go on.

Mr. KENDALL. The next day they sent word to the transfer agent, the Mercantile Trust Co., forbidding them to transfer any of these Western Union certificates after noon the next day on certificates engraved by the New York Bank Note Co. Mr. Gould sent word back to them that if they adhered to that decision he would take the Western Union, the Missouri Pacific, the Wabash, and other companies that he controlled, and go to the consolidated board, where he hoped to get fair play for the engraving company. They rescinded that resolution and took these Western Union certificates and admitted us, but said, “You must get into new quarters.” Then we took the Washington Building, No. 1 Broadway, the ground floor and basement, and fitted that up, and they admitted us for five years, but under circumstances such that it was impossible to make any money.

Mr. UNTERMYER. Why?

Mr. KENDALL. The first rule the committee passed against us was, "You shall not deliver anything to a customer until after we pass on the proofs. We will submit them to the stock-listing committee first." We were agreeable, and submitted them. Very soon they developed the habit of holding these up for one, two, three, or four weeks; and, as previously stated to the committee, a bank-note contract averages not more than six weeks, and they caused so much delay that our customers became so embarrassed that they could not trade with us. My directors immediately made such protest against it that that was rescinded, and the opposite of the rule was made. They said, then, "You may submit the proofs to us after you have delivered the goods to the customer." Then what did they do? They would say, "We do not like this. This is in green. If you do not print it in brown we can not accept it. If you print in brown we think the committee might find it acceptable."

All of our work that we had done had to be done over again. If it was green they wanted brown, and vice versa. Whichever way it was it did not suit them. They plucked us that year for over \$50,000 by making us do over securities that we had already delivered. Still we prospered and we made money, as there is a margin in the business even at half the American figures.

Mr. UNTERMYER. I did not hear that last statement.

Mr. KENDALL. There is money in the business at 40 per cent under the American Bank Note Co.'s prices, and we were getting an enormous amount of trade. In 1890, I believe, they accepted 90 issues for listing, which was more than the American Bank Note Co. had accepted.

Mr. UNTERMYER. Ninety issues?

Mr. KENDALL. Yes, sir; I think that is correct, in the year 1890. They had to stop us. They tried to buy me out. I must speak within legal lines. I know enough about testimony to know that. I have seen Mr. Shepherd in conference with Mr. Sage. I never spoke with Mr. Shepherd.

Mr. UNTERMYER. But who is Mr. Shepherd?

Mr. KENDALL. He was the manager of the American, the same as Mr. Converse is now. Mr. Sage told me "Morgan wants to buy you out." I told him, "I do not care to sell."

Cutting matters short and abbreviating, all of the negotiations came to that result, that I said, "I do not care to sell." Then Mr. Sage said, "You will be fired off the exchange; you will be ruled off."

Mr. UNTERMYER. That is, Mr. Russell Sage?

Mr. KENDALL. That is Mr. Russell Sage; yes. I said, "I will not sell. I will stay independent. I will not follow this concourse into the American's establishment." He said, "You will be fired out, and fired out immediately." And that is exactly what I was, and they have not accepted anything for listing since. That is the end of the five years' period.

Mr. UNTERMYER. When was that?

Mr. KENDALL. The first part of 1893.

Mr. UNTERMYER. Have you since then made application?

Mr. KENDALL. A great many of them, as related by Mr. Field on Saturday.

Mr. UNTERMYER. Have you had hearings before the committee?

Mr. KENDALL. Several of them, sir.

Mr. UNTERMYER. What has been the objection that has been urged by the committee on stock list of the New York Stock Exchange?

Mr. KENDALL. They have never specified an objection or given a definite answer until we got a contract last year for engraving the 60,000,000 bonds for the city of New York. Mr. Ely sent word in writing to the comptroller not to give us the order for the bonds as the exchange would not list them.

Mr. UNTERMYER. Who is Mr. Ely?

Mr. KENDALL. He is the secretary of the New York Stock Exchange. You can get this letter from the comptroller of the city of New York, if you wish to do so.

Mr. UNTERMYER. Has that correspondence been put in evidence between the city of New York or its officials and the stock exchange?

Mr. KENDALL. I forget whether Mr. Field got to that or not, but you have a copy of it. I think, sir. I am sure it is here.

Mr. UNTERMYER. What ground did they then urge when the city of New York wanted to have its bonds engraved by your concern?

Mr. KENDALL. May I refresh my recollection by that letter? I want to be very careful in regard to everything about which I testify here.

Mr. UNTERMYER. I do not think the correspondence is here, unless Mr. Field has it.

Mr. KENDALL. We gave you very voluminous copies. It was published in the newspapers, too.

Mr. UNTERMYER. We will find that and put it in. If you will supply it, the chairman will allow it to be put in, with the understanding that the American Bank Note Co. may make any explanation that it sees fit.

Are you engraving bonds for State authorities and municipalities outside of the State of New York?

Mr. KENDALL. I am doing \$65,000,000 awarded me this year from the city of New York; yes. What little we can get is what we live on.

Mr. UNTERMYER. Are you getting the work of the State bonds of the State of Rhode Island?

Mr. KENDALL. Oh, yes; I have done issues for a great many of the States, but they are small issues and principally those that are not listed. The stock exchange will not list anything engraved by anyone but the American Bank Note Co. or one of its subcompanies. We are not one of them, and consequently our work can not be used in the New York market.

Mr. UNTERMYER. How has your business compared in volume, since the stock exchange refused to list your securities, with what it was whilst they were being listed?

Mr. KENDALL. From 75 actual employees at No. 1 Broadway we dropped in a few months to an average of 15 to 20 ever since.

Mr. UNTERMYER. How has the volume of business compared with what it was before?

Mr. KENDALL. Do you mean in dollars?

Mr. UNTERMYER. Yes.

Mr. KENDALL. Oh, it does not amount to enough to pay to keep open. We used to manufacture about \$1,000 a day; now it will not average over \$100 a day. But we have stuck to our investment and enlarged it, so that we are housed in the city of New York in our

own buildings, and we have now a plant where we can employ 500 people without buying an ounce of machinery or borrowing a dollar.

Mr. UNTERMYER. Are these securities which are listed on the New York Stock Exchange, which you have been applying for leave to engrave and to have listed, securities of interstate corporations?

Mr. KENDALL. Oh, yes, sir. We do business all over, from California—

Mr. UNTERMYER. For corporations that do interstate business?

Mr. KENDALL. Yes; railroads and other people.

Mr. UNTERMYER. I think that is all, unless there is something else that you want to say on this subject.

Mr. KENDALL. I only wish to say, in order that the committee may not think that this is entirely a personal issue, that there are other concerns capable of doing this work, and the same embargo is enforced regard them as regarding us.

The CHAIRMAN. Will you please name the other concerns?

Mr. KENDALL. There is the Security Bank Note Co., in Philadelphia—in fact, there are three concerns in Philadelphia. There is Elliott & Co., in Philadelphia, and there are a dozen or fifteen over the United States that, were they permitted to do this business—it is only a mere matter of permission; there is plenty of money to do it and they could give employment to the engravers—could turn out the work and would be glad to do it. There is no royal road to the bank-note business except through the New York Stock Exchange.

Mr. UNTERMYER. I think that is all.

Witness excused.

#### TESTIMONY OF EDWARD POPPER.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your business, Mr. Popper?

Mr. POPPER. I am a broker.

Mr. UNTERMYER. You live in the city of New York?

Mr. POPPER. I do.

Mr. UNTERMYER. And with what firm are you associated?

Mr. POPPER. Popper & Sternbach.

Mr. UNTERMYER. How long has that firm been in business?

Mr. POPPER. Since May, 1903.

Mr. UNTERMYER. Are you a member of the New York Stock Exchange?

Mr. POPPER. I am.

Mr. UNTERMYER. How many members of your firm are members of the New York Stock Exchange?

Mr. POPPER. Three.

Mr. UNTERMYER. Were you concerned in dealing in the stock of the Columbus & Hocking Valley Coal Co.?

Mr. POPPER. We were.

Mr. UNTERMYER. For whom?

Mr. POPPER. I would like to be ordered to name our client, for I think it is a matter that I owe to the client not to divulge his name unless I am instructed by this committee to do so.

Mr. UNTERMYER. You know that your customer has already been named by other witnesses. do you not?

Mr. POPPER. He has been named by other witnesses, and I will say that I have started to give his name in court, in proceedings in the United States court.

Mr. UNTERMYER. You have been frequently ordered to do so, have you not?

Mr. POPPER. I have.

The CHAIRMAN. Let me ask you a question. Your reluctance to name your client is based upon what theory?

Mr. POPPER. Upon the theory that a broker has no right to divulge his principal's name unless he is instructed in court to do so.

The CHAIRMAN. Very well. Assuming that the name of your client has been made public before, or at this time, as requested of you, are there any other reasons why you would not give us the name, or the names of the members of the corporation?

Mr. POPPER. None.

The CHAIRMAN. Then please state it.

Mr. POPPER. Yes, sir. Mr. James R. Keene.

Mr. UNTERMYER. Has Mr. Keene been a customer of yours for many years?

Mr. POPPER. Yes, sir.

Mr. UNTERMYER. In what way was his account kept on your books?

Mr. POPPER. It was kept in the name of "X," and various numbers, initials, and names.

Mr. UNTERMYER. How many accounts have you of Mr. Keene's on your books in these forms of "X," and other letters of the alphabet and numbers?

Mr. POPPER. If I remember correctly, I think there were 59 accounts from the time that he opened the account until he closed it.

Mr. UNTERMYER. Were they all in different numbers and the letter "X"?

Mr. POPPER. Yes; all excepting one.

Mr. UNTERMYER. In what way was that designated?

Mr. POPPER. That was simply designated as "No. 1."

Mr. UNTERMYER. But the other accounts were "X," from 1 to 59?

Mr. POPPER. Yes, sir; that is, by letters, numbers, or names.

Mr. UNTERMYER. What is the purpose of keeping accounts of customers in that blind form?

Mr. POPPER. I do not know.

Mr. UNTERMYER. Do you know why you did it?

Mr. POPPER. Under instructions. Under instructions from the principals.

Mr. UNTERMYER. It is to conceal the identity of the customer, is it not?

Mr. POPPER. Possibly. I do not know what it is for.

Mr. UNTERMYER. Do you keep a key to those numbers or to those letters, so that you will know, yourself, who your customer is?

Mr. POPPER. There is very little trouble about that.

Mr. UNTERMYER. Do you not keep a private key?

Mr. POPPER. No, sir.

Mr. UNTERMYER. Do you keep other accounts in the same way?

Mr. POPPER. Some. Not very many.

Mr. UNTERMYER. Is that a very usual form among brokerage houses in New York of keeping accounts?

Mr. POPPER. I should say it was unusual, although I do not know.

Mr. UNTERMYER. You have had other accounts kept in the same way?

Mr. POPPER. Yes.

Mr. UNTERMYER. Mr. Keene gave you orders, did he not, in 1909 and 1910 to buy and sell Hocking stock?

Mr. POPPER. Yes, sir.

Mr. UNTERMYER. Have you a list here of the orders?

Mr. POPPER. No, sir.

Mr. UNTERMYER. Are not those the lists before you there?

Mr. POPPER. I have a list of the orders that were executed.

Mr. UNTERMYER. That is what I mean.

Mr. POPPER. Oh, yes.

Mr. UNTERMYER. Did you distribute those orders through other brokers?

Mr. POPPER. I did.

Mr. UNTERMYER. How many shares of stock did you deal in for Mr. Keene during the existence of the Hocking pool of 1909 to January, 1910?

Mr. POPPER. We bought 36,600 shares; and we sold 60,900 shares.

Mr. UNTERMYER. And you had how many handed to you?

Mr. POPPER. We had received 42,200 and delivered 17,900 shares.

Mr. UNTERMYER. Did Mr. Keene give you any instructions as to how you should distribute those orders between buying and selling brokers?

Mr. POPPER. No, sir.

Mr. UNTERMYER. That was your option, was it?

Mr. POPPER. Our instructions were to give the orders out; that is, to give the orders to any broker that we saw fit.

Mr. UNTERMYER. You had the option of selecting the brokers?

Mr. POPPER. Yes, sir.

Mr. UNTERMYER. Among how many brokers did you scatter these buying and selling orders?

Mr. POPPER. Twenty-five; that is, 25 different brokers.

Mr. UNTERMYER. Did the buying brokers know who received the selling orders?

Mr. POPPER. No, sir.

Mr. UNTERMYER. Nor the selling brokers know who received the buying orders?

Mr. POPPER. No, sir.

Mr. UNTERMYER. Were your orders to buy and sell on a scale or at the market?

Mr. POPPER. No, sir; as a rule, the order came to buy, as the orders were executed, at a limited price, generally speaking.

Mr. UNTERMYER. Was it on a scale?

Mr. POPPER. No, sir.

Mr. UNTERMYER. The selling orders were not on a scale?

Mr. POPPER. No, sir.

Mr. UNTERMYER. Then the price was named?

Mr. POPPER. The price was always named.

Mr. UNTERMYER. What was the price of the stock when you started with this operation?

Mr. POPPER. The first purchase was on March 4—

Mr. UNTERMYER. What was the price?

Mr. POPPER. Twenty-seven.

Mr. UNTERMYER. What was the price when you stopped? That was on January 19, 1910, was it not?

Mr. POPPER. I will give you the last transaction for Mr. Keene. It was on December 9, 1909, at 89½.

Mr. UNTERMYER. He was giving out other orders through other brokers, was he not?

Mr. POPPER. I know nothing about that.

Mr. UNTERMYER. You remember the collapse of the pool, do you not?

Mr. POPPER. Very well.

Mr. UNTERMYER. That was on what date?

Mr. POPPER. The 19th of January, 1910.

Mr. UNTERMYER. And when your last order was executed, how did the account stand?

Mr. POPPER. You mean as to the amount of shares that he had on hand.

Mr. UNTERMYER. Yes.

Mr. POPPER. Seven thousand six hundred and fifty shares.

Mr. UNTERMYER. He had 7,650 shares?

Mr. POPPER. Yes.

Mr. UNTERMYER. And you had that stock?

Mr. POPPER. We had that stock.

Mr. UNTERMYER. What happened after you stopped dealing for him? Did you sell the stock short?

Mr. POPPER. I went short of the stock; yes, sir; on January 19 or 18.

Mr. UNTERMYER. On the day of the collapse of the pool?

Mr. POPPER. I think it was on the day of the collapse; yes.

Mr. UNTERMYER. How much did you go short of the stock?

Mr. POPPER. We sold, all together, 6,900 shares; 2,300 shares were not taken. Therefore only 4,600 shares were actually delivered.

Mr. UNTERMYER. Why were not the 2,300 shares taken?

Mr. POPPER. The parties to whom we sold the stock or to whom the brokers who executed for us sold them failed.

Mr. UNTERMYER. And the stock tumbled that day to about how much? Do you remember?

Mr. POPPER. I think it was somewhere between 25 and 30.

Mr. UNTERMYER. From 92?

Mr. POPPER. No; from 88½. I think it opened that morning at 88½, or thereabouts.

Mr. UNTERMYER. You say the stock went from 89½ to how much?

Mr. POPPER. It went from about 89—I think it was 88½, to be exact—to about 25; somewhere between 25 and 30.

Mr. UNTERMYER. Was it the throwing of your stock on the market that broke the pool?

Mr. POPPER. No, sir.

Mr. UNTERMYER. Whose stock broke the pool?

Mr. POPPER. That I do not know.

Mr. UNTERMYER. How much was dealt in that day?

Mr. POPPER. That I do not remember. There were about 5,000 shares of stock traded in before I sold a share.

Mr. UNTERMYER. What did you sell at?

Mr. POPPER. I sold the first at 88½.

Mr. UNTERMYER. How much was that?

Mr. POPPER. 100 shares; and it was sold down to 35½.

Mr. UNTERMYER. Did you have any stock?

Mr. POPPER. No, sir. We had the stock, but we were carrying it.

Mr. UNTERMYER. Did you have any of your own stock?

Mr. POPPER. Not a share.

Mr. UNTERMYER. You just sold it short for a profit; is that it?

Mr. POPPER. I sold it for protection's sake; not for profit.

Mr. UNTERMYER. To protect yourself against whom?

Mr. POPPER. Against losses that might be incurred.

Mr. UNTERMYER. In what respect?

Mr. POPPER. Mr. Keene owed us a very large amount of money. The stock that he carried in the account was figured at about \$88 a share, or \$80 a share, if you please. I had received information, about 30 days previous, that the parties who had bought the stock, or who owned the stock, were in a very precarious condition, and if they could not continue to buy it remained to be seen what the actual value of that stock was.

Mr. UNTERMYER. Then it was to protect yourself against Mr. Keene?

Mr. POPPER. Yes.

Mr. UNTERMYER. And after having sold the stock short, did you deliver the stock?

Mr. POPPER. I delivered the stock that we were carrying.

Mr. UNTERMYER. That was his stock for the pool?

Mr. POPPER. It was his stock; I knew nothing of any pool.

Mr. UNTERMYER. You never heard that there was a pool?

Mr. POPPER. I never heard of any pool being in existence until after the collapse—what I read in the papers.

Mr. UNTERMYER. So that all the time you were executing these buying and selling orders and trading in this stock, to the extent of 78,000 shares, you did not know that you were trading for a pool or syndicate?

Mr. POPPER. I did not.

Mr. UNTERMYER. I think that is all.

Witness excused.

### TESTIMONY OF HUGH F. CRISS.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you live?

Mr. CRISS. Hohocus, N. J.

Mr. UNTERMYER. Are you a stock broker?

Mr. CRISS. I am.

Mr. UNTERMYER. Are you a member of the New York Stock Exchange?

Mr. CRISS. I am.

Mr. UNTERMYER. Of what firm were you a member in 1910?

Mr. CRISS. Roberts, Hall & Criss.

Mr. UNTERMYER. New York Stock Exchange brokers?

Mr. CRISS. New York Stock Exchange brokers, and with an office in Cincinnati.

Mr. UNTERMYER. You remember the occasion of the crash of the Hocking pool, do you not?

Mr. CRISS. I do.

Mr. UNTERMYER. Were you the floor trader in that stock?

Mr. CRISS. I was the specialist in that stock.

Mr. UNTERMYER. Will you explain to the committee what is meant by being a specialist in the stock?

Mr. CRISS. A specialist is a member of the exchange who takes up orders principally in one stock. He makes that his headquarters. He receives the orders to buy and sell and makes it his headquarters. He is a specialist in that one stock. Of course, he can and does do business in other stocks also.

Mr. UNTERMYER. He makes that particular stand where that stock is dealt in his headquarters, does he?

Mr. CRISS. He does.

Mr. UNTERMYER. Each stock in the stock exchange has a stand or place of trading?

Mr. CRISS. Yes, sir.

Mr. UNTERMYER. Do they trade in more than one stock at a given stand?

Mr. CRISS. Oh, yes.

Mr. UNTERMYER. A number of stocks are traded in at a given stand?

Mr. CRISS. Yes; we call them posts.

Mr. UNTERMYER. You traded very extensively in this Hocking stock?

Mr. CRISS. I did, the last two days that I was there.

Mr. UNTERMYER. You were giving out buying and selling orders, or executing buying and selling orders?

Mr. CRISS. I was receiving buying and selling orders.

Mr. UNTERMYER. From whom were you receiving these orders?

Mr. CRISS. For anyone who chose—

Mr. UNTERMYER. But from whom were you receiving them during this time? From what particular people?

Mr. CRISS. From Lathrop, Haskins & Co. I say this with their permission.

Mr. UNTERMYER. They gave you these orders to buy and sell?

Mr. CRISS. To buy and sell; yes.

Mr. UNTERMYER. When you would buy or sell a given amount of stock on their orders, you would give up the name of some member to the person with whom you dealt, would you?

Mr. CRISS. Lathrop & Haskins would tell me who to give up.

Mr. UNTERMYER. Did they do that at the beginning of the day? Did they give you the names of the firms that you should give up as buyers or sellers?

Mr. CRISS. They did.

Mr. UNTERMYER. They gave you a list of them?

Mr. CRISS. Yes.

Mr. UNTERMYER. Have you got that list?

Mr. CRISS. No; it was just over the phone.

Mr. UNTERMYER. Oh, it was by word of mouth?

Mr. CRISS. Yes; by word of mouth.

Mr. UNTERMYER. Did they give you one list of those you should give up as buyers and another list of those you should give up as sellers?

Mr. CRISS. No, sir; they would just say "Use the following names," mentioning them.

Mr. UNTERMYER. Giving the names, they would say to use them in buying and selling orders?

Mr. CRISS. Yes.

Mr. UNTERMYER. How many such firms' names did they give you for that purpose?

Mr. CRISS. You mean on the day of the crash?

Mr. UNTERMYER. No; before that.

Mr. CRISS. Usually three or four.

Mr. UNTERMYER. They would give you different names at different times?

Mr. CRISS. At different times different names; yes.

Mr. UNTERMYER. What was the purpose of that?

Mr. CRISS. I do not really know the purpose; simply that these people would either carry the stock for him, probably, or clear it for him, and so on.

Mr. UNTERMYER. He gave up the members of the pool, did he not? He gave up the names of the members of the pool?

Mr. CRISS. I did not know they were members of the pool at the time, except one or two.

Mr. UNTERMYER. You knew some of them were?

Mr. CRISS. I knew three members of the pool; yes.

Mr. UNTERMYER. Were you not a member of the pool?

Mr. CRISS. I was not.

Mr. UNTERMYER. Your firm was not?

Mr. CRISS. No, sir.

Mr. UNTERMYER. But you knew you were operating for a pool?

Mr. CRISS. I presumed so; yes.

Mr. UNTERMYER. You understand that business of pools and syndicates making a market for stock, do you not?

Mr. CRISS. Yes; I understand that business. There was no market made. When I got in the stock it was selling at 80.

Mr. UNTERMYER. You went in toward the end?

Mr. CRISS. I went in toward the end.

Mr. UNTERMYER. You had not been invited in before?

Mr. CRISS. I did not get in before.

Mr. UNTERMYER. In how many shares did you deal in the few days you were there, at the request of Lathrop & Haskins?

Mr. CRISS. I could not say offhand. Not very many. The last day I bought—that morning, I think—14,000 shares.

Mr. UNTERMYER. You bought 14,000 shares the last morning?

Mr. CRISS. Yes.

Mr. UNTERMYER. You were trying to keep up the market?

Mr. CRISS. I was trying to support the market; yes.

Mr. UNTERMYER. Where did all the stock come from?

Mr. CRISS. It came in gradually at first, and after a while it seemed to come from all over the face of the earth. I could not say.

Mr. UNTERMYER. Then you had to stand from under, did you?

Mr. CRISS. I stayed there until they canceled my order, when I stopped trading in the stock. I bought only 100 shares under 70.

Mr. UNTERMYER. Then you were swamped?

Mr. CRISS. Yes, sir.

Mr. UNTERMYER. And your firm went under as a result of that?

Mr. CRISS. As a result of that; yes.

Mr. UNTERMYER. Did you gather from this flood of selling orders that somebody on the inside was selling out the pool?

Mr. CRISS. I thought something like that, sir.

Mr. UNTERMYER. You know stock exchange indications, do you not?

Mr. CRISS. Well, yes.

Mr. UNTERMYER. You know the danger signals?

Mr. CRISS. I knew something was wrong, but I could not help but obey my order.

Mr. UNTERMYER. Finally, what transpired with respect to the subject?

Mr. CRISS. Will you explain just what you mean?

Mr. UNTERMYER. I mean, what did you finally ascertain was the cause of the breaking of the pool?

Mr. CRISS. That Lathrop & Haskins failed and that somebody leaked on the pool. We said somebody had leaked on the pool.

Mr. UNTERMYER. Somebody leaked?

Mr. CRISS. Leaked pretty heavily.

Mr. UNTERMYER. Did you find out who it was who had sold out the pool?

Mr. CRISS. There has always been rather a mystery about it. Eventually Mr. Keene settled.

Mr. UNTERMYER. What is that?

Mr. CRISS. Eventually we made a settlement with Mr. Keene, so I had my own opinion of the matter.

Mr. UNTERMYER. What were your orders as to buying and selling every day?

Mr. CRISS. The 19th of January, which is typical, I had orders to buy 200 at 87½ and 200 each quarter down.

Mr. UNTERMYER. How about selling?

Mr. CRISS. To sell at 90 and every quarter up, 200.

Mr. UNTERMYER. Let me see if I understand. This is a typical case of each day's proceedings that you would get an order in the morning to buy how many shares?

Mr. CRISS. Two hundred; beginning at any figure, to buy 200; and then each quarter down, 200.

Mr. UNTERMYER. And then to sell?

Mr. CRISS. Oh, say a couple of points higher, 200; and every quarter up, 200.

Mr. UNTERMYER. I think you said these orders all came from Haskins?

Mr. CRISS. Practically all came from Haskins.

Mr. UNTERMYER. How high up did you buy the stock?

Mr. CRISS. That day?

Mr. UNTERMYER. Yes.

Mr. CRISS. I began at 87½.

Mr. UNTERMYER. And you bought it up to where?

Mr. CRISS. I bought it down.

Mr. UNTERMYER. Down?

Mr. CRISS. Down to 70; and then one order at 62.

Mr. UNTERMYER. Previous to that you had bought it up to 92, had you not?

Mr. CRISS. I traded in it when it was selling around 92. I can not say whether I bought it at 92.

Mr. UNTERMYER. Will you please look at this statement and see whether that is a statement of your account?

Mr. CRISS (after examining statement). I presume that is correct.

Mr. UNTERMYER. You helped to make up that table, did you not?

Mr. CRISS. Yes.

Mr. UNTERMYER. These three pages headed "Roberts, Hall & Criss," from November 12, 1909, down to and including January 18, 1910, I offer in evidence.

The three pages referred to were marked "Exhibit No. 127, December 16, 1912," "Exhibit No. 128, December 16, 1912," and "Exhibit No. 129, December 16, 1912," and will be found at the end of the proceedings of December 19, 1912.

Mr. CRISS. Of course I can not verify every figure.

The CHAIRMAN. You have knowledge of those accounts?

Mr. CRISS. Yes; I presume they are correct. If Mr. Morse got it up, it is correct.

Mr. UNTERMYER. What instructions did you receive with respect to handling or trading or operating in this stock as a floor trader for Mr. Haskins? Was it to make a market in it?

Mr. CRISS. No, sir.

Mr. UNTERMYER. The market had been made?

Mr. CRISS. Yes. The market had been made. I went out with Mr. Haskins and looked over the property.

Mr. UNTERMYER. What instructions did you have as to making a market for the stock?

Mr. CRISS. No instructions: simply to buy when necessary and not to sell too much. He was not very anxious to sell the stock.

Mr. UNTERMYER. But the idea was to get it up to a high level?

Mr. CRISS. No; he was waiting—

Mr. UNTERMYER. No; did they want to get it to a higher level?

Mr. CRISS. No; at that time they did not?

Mr. UNTERMYER. If they did not want to get it to a higher level, why were you instructed to buy the stock?

Mr. CRISS. To buy it?

Mr. UNTERMYER. Yes.

Mr. CRISS. Simply to support the market in case—

Mr. UNTERMYER. At what price? At what figure were you instructed to support the market?

Mr. CRISS. Well, from day to day, taking the basis of the closing, he would give me orders the next morning based on the closing of the night before.

Mr. UNTERMYER. Did you offer it for Popper & Sternback at all?

Mr. CRISS. No.

Mr. UNTERMYER. Did you get any orders from them?

Mr. CRISS. No; I will say, to the best of my knowledge and belief, that I did not get any orders from them.

Mr. UNTERMYER. You do not remember?

Mr. CRISS. I do not remember.

Mr. UNTERMYER. Then, as far as you knew, were they operating independently of you?

Mr. CRISS. Absolutely.

Mr. UNTERMYER. Was Mr. Haskins operating also for the pool?

Mr. CRISS. I do not know. He was the president of the company, and a pool member.

Mr. UNTERMYER. His firm was one of the pool members, was it not?

Mr. CRISS. Yes.

Mr. UNTERMYER. And you understood that the pool members were not to sell outside of the pool?

Mr. CRISS. I did not know anything about the personnel of the pool, excepting three members, at that time; and, of course, no pool member is supposed to sell out.

Mr. UNTERMYER. Of course; he is not supposed to sell his stock whilst the pool stock is being disposed of?

Mr. CRISS. Until such time as they dispose of it; yes.

Mr. UNTERMYER. Did you understand, then, that Mr. Haskins was a member of the pool, and that he was operating through you for the pool?

Mr. CRISS. Yes.

Mr. UNTERMYER. You did?

Mr. CRISS. Yes.

Mr. UNTERMYER. Whom did you understand that Popper & Sternbach were operating for?

Mr. CRISS. I did not know they were operating until after the 19th of January.

Mr. UNTERMYER. You did not?

Mr. CRISS. No, sir.

Mr. UNTERMYER. Is that a usual thing, for a pool manager to have different houses operating for the same pool?

Mr. CRISS. I do not know. I never have operated for a pool, Mr. Untermeyer, except this time.

Mr. UNTERMYER. Except this one?

Mr. CRISS. Yes.

Mr. UNTERMYER. You have never been a floor operator before for any syndicate or pool?

Mr. CRISS. No, sir; I never was.

Witness excused.

#### TESTIMONY OF FREDERICK LEWISOHN.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you live?

Mr. LEWISOHN. In New York City.

Mr. UNTERMYER. What is your business?

Mr. LEWISOHN. Banking and mining.

Mr. UNTERMYER. What is your firm?

Mr. LEWISOHN. Lewisohn Bros.

Mr. UNTERMYER. Where is your place of business?

Mr. LEWISOHN. No. 11 Broadway.

Mr. UNTERMYER. You have been subpoenaed, have you not, to produce certain documents and papers?

Mr. LEWISOHN. Yes; I have been subpoenaed.

Mr. UNTERMYER. Have you produced them?

Mr. LEWISOHN. I have produced some of the papers, but I only received my notice on Saturday after business hours.

Mr. UNTERMYER. You were subpoenaed about a week ago, were you not?

Mr. LEWISOHN. Yes; but I received word from Guggenheimer, Untermeyer & Marshall that they would notify me, and I received notification on Saturday.

Mr. UNTERMYER. Then are you here to-day without the papers?

Mr. LEWISOHN. Well, I have got some papers; the papers that I had home with me regarding the——

Mr. UNTERMYER. Are the rest on the way?

Mr. LEWISOHN. I have got something this morning on the telephone to be sent.

Mr. UNTERMYER. We shall want the papers. I do not think we can get along without them, but we will start and see how far we can go.

Have you brought with you the books, papers, and documents, and data containing entries of purchases and sales made by you, or your firm of Lewisohn Bros., or any member thereof, in the shares of stock of the California Petroleum Co.?

Mr. LEWISOHN. I have gotten some information from my books over the phone and have written down the daily transactions; and any further ones I will get that the committee require.

Mr. UNTERMYER. Were you concerned in the original flotation of the California Petroleum Co.?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. With whom were you concerned?

Mr. LEWISOHN. With William Salomon & Co. and Hallgarten.

Mr. UNTERMYER. Are those banking houses in the city of New York?

Mr. LEWISOHN. They are.

Mr. UNTERMYER. When was the contract made for the acquisition of those properties?

Mr. LEWISOHN. I am not familiar with that transaction.

Mr. UNTERMYER. Were you not a partner in the acquisition of them?

Mr. LEWISOHN. We did not acquire any property.

Mr. UNTERMYER. You acquired the shares of stock of properties, did you not—shares of stock of the California Petroleum Co., did you not?

Mr. LEWISOHN. I did not. William Salomon & Co.——

Mr. UNTERMYER. Did not they acquire them for joint account with you?

Mr. LEWISOHN. They ceded us an interest in the business.

Mr. UNTERMYER. What was the division of interest between you and Salomon and Hallgarten in the California Petroleum Co.?

Mr. LEWISOHN. I only know our interest.

Mr. UNTERMYER. You do not know what theirs is?

Mr. LEWISOHN. I know that our interest is 30 per cent—about 30 per cent.

Mr. UNTERMYER. Let us see about that, Mr. Lewisohn. Was there not a written contract between you?

Mr. LEWISOHN. We just received a letter from Messrs. William Salomon & Co. that they had purchased——

Mr. UNTERMYER (interrupting). Was there a written contract between you?

Mr. LEWISOHN. No.

Mr. UNTERMYER. Did you confirm the letter?

Mr. LEWISOHN. Yes. We conferred with——

Mr. UNTERMYER. Where is that letter?

Mr. LEWISOHN. I have not it with me.

Mr. UNTERMYER. What was the capital of the California Petroleum Co.?

Mr. LEWISOHN. The capital was \$12,500,000 preferred shares and \$15,000,000 common.

Mr. UNTERMYER. All that stock issued to Doheny & Canfield?

Mr. LEWISOHN. I believe that all the stock was paid over to Doheny & Canfield for their interest in certain properties, including the American Oil Field and the American Petroleum Co.

Mr. UNTERMYER. And they turned that over to the California Petroleum Co.

Mr. LEWISOHN. Yes, sir. They turned that over to the California Petroleum Co.

Mr. UNTERMYER. Which was organized by you and your associates to take it over, was it not?

Mr. LEWISOHN. It was organized to be taken over.

Mr. UNTERMYER. Organized by you and your associates to be taken over?

Mr. LEWISOHN. I did not know about—I do not know how that was done.

Mr. UNTERMYER. You knew the transaction?

Mr. LEWISOHN. No. All I know is that William Salomon & Co. purchased a block of preferred and common.

Mr. UNTERMYER. When was this company organized—the California Petroleum Co.?

Mr. LEWISOHN. I believe sometime in May, 1912.

Mr. UNTERMYER. When were the securities issued?

Mr. LEWISOHN. At that time.

Mr. UNTERMYER. You and your associates acquired how many of those securities?

Mr. LEWISOHN. Ten millions of preferred.

Mr. UNTERMYER. Ten millions of preferred, and how much common?

Mr. LEWISOHN. I do not know the exact amount.

Mr. UNTERMYER. Was it not 10,000,000 of preferred and 10,000,000 of common?

Mr. LEWISOHN. No; I do not think it was.

Mr. UNTERMYER. Will not your papers show?

Mr. LEWISOHN. I was not the syndicate manager.

Mr. UNTERMYER. I did not ask you that. Will not your papers show how much you acquired, you and your associates? You said you had a 30 per cent interest.

Mr. LEWISOHN. Yes; I guess they would.

Mr. UNTERMYER. You had a 30 per cent interest in the purchase. Would you not know how much you were purchasing?

Mr. LEWISOHN. Yes; I guess the papers would show.

Mr. UNTERMYER. You do not remember?

Mr. LEWISOHN. I do not remember.

Mr. UNTERMYER. When was it paid for?

Mr. LEWISOHN. It was paid for sometime—at the time of the acquisition, I believe, in June and July. I am not quite certain.

Mr. UNTERMYER. 1912.

Mr. LEWISOHN. Yes. I am not quite certain as to the date.

Mr. UNTERMYER. What were the relative interests of these three banking firms in that purchase? You had 30 per cent?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. And how much had the others?

Mr. LEWISOHN. They had the balance between them, I guess.

Mr. UNTERMYER. How much had each of the others?

Mr. LEWISOHN. I do not know. That was a matter for Mr. William Salomon to give out.

Mr. UNTERMYER. Did not the letters show you the interests and how the interests were divided between the three partners?

Mr. LEWISOHN. No. I only remember reading about our interests, saying they had purchased something—

Mr. UNTERMYER (interrupting). Mr. LewisoHN, I think you will have to get the papers for us. We do not care to go on without them, so far as I can see. You have been subpoenaed to produce them, and we shall have to have them.

Mr. LEWISOHN. What?

Mr. UNTERMYER. You say you can not, as to the transaction of last July, involving twenty millions of stock, tell us what the relative interests of yourself and your partners were?

Mr. LEWISOHN. I only know as to my own interest.

Mr. UNTERMYER. You could not tell about their interests?

Mr. LEWISOHN. No; I would not want to disclose it.

Mr. UNTERMYER. You operated this transaction for them for a joint account, did you not?

Mr. LEWISOHN. William Salomon—

Mr. UNTERMYER (interposing). Answer my question. Did you not? You operated it for joint account, did you not?

Mr. LEWISOHN. I do not know as we operated it for joint account.

Mr. UNTERMYER. Do you know how much you paid for the ten millions of preferred and the ten millions of common stock?

Mr. LEWISOHN. No; I do not know what we paid. I know we did not buy ten millions of preferred and ten millions of common.

Mr. UNTERMYER. How much did you buy?

Mr. LEWISOHN. I do not really know.

Mr. UNTERMYER. What?

Mr. LEWISOHN. I do not really know.

Mr. UNTERMYER. Do you not know how much you bought?

Mr. LEWISOHN. No.

Mr. UNTERMYER. Nor how much anybody else bought? And this was lost July; is that right?

Mr. LEWISOHN. Yes; that is right.

Mr. UNTERMYER. You paid for your interest, did you?

Mr. LEWISOHN. Yes; we took a commitment and paid for our interest.

Mr. UNTERMYER. You paid for your interest?

Mr. LEWISOHN. Yes; we paid for our interest.

Mr. UNTERMYER. Where was that transaction consummated?

Mr. LEWISOHN. At William Salomon & Co.'s.

Mr. UNTERMYER. At their office?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. In July of this year?

Mr. LEWISOHN. No; it has not been consummated yet.

Mr. UNTERMYER. You mean you have not paid for your interest?

Mr. LEWISOHN. We paid for our interest; yes.

Mr. UNTERMYER. You paid it at Salomon's office?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Were you present when this title was taken over to this property?

Mr. LEWISOHN. No.

Mr. UNTERMYER. Or when stock was issued?

Mr. LEWISOHN. No. I was not familiar with the details. I have enough confidence in Salomon—

Mr. UNTERMYER (interrupting). Whom did you pay for your interest?

Mr. LEWISOHN. I paid over to William Salomon & Co.

Mr. UNTERMYER. Your interest is 30 per cent?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. And you paid how much—\$3,000,000?

Mr. LEWISOHN. Something like that.

Mr. UNTERMYER. Do you not remember what you paid?

Mr. LEWISOHN. I prefer not to answer that question—as to how much I paid.

Mr. UNTERMYER. Why?

Mr. LEWISOHN. I think it is irrelevant. It is an invasion of my personal rights.

Mr. UNTERMYER. Let us see, now. You got a certain amount of stock, did you not?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Then, the fact is, you know what you paid, but do not want to tell?

Mr. LEWISOHN. I know what I paid. I have always maintained that I knew what I paid; but I have never had anything to do with their interests.

Mr. UNTERMYER. Were you not all in the same?

Mr. LEWISOHN. No; we were a little different. Hallgarten and William Salomon were the syndicate managers and gave it out; and we just had an interest with them.

Mr. UNTERMYER. You were the market operator, were you not?

Mr. LEWISOHN. We handled the market operations with them.

Mr. UNTERMYER. For the syndicate?

Mr. LEWISOHN. For account of the bankers.

Mr. UNTERMYER. Did you handle the market—the stock market—for this stock?

Mr. LEWISOHN. Yes; gave orders for stock.

Mr. UNTERMYER. Did anybody else?

Mr. LEWISOHN. Yes; I guess so.

Mr. UNTERMYER. What syndicate, or did you act for the whole syndicate?

Mr. LEWISOHN. For the bankers' syndicate.

Mr. UNTERMYER. Did you act for the syndicate in marketing the stock?

Mr. LEWISOHN. Yes; I acted for the syndicate.

Mr. UNTERMYER. The syndicate consisted of three banking houses?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. You were one, were you not?

- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. Salomon was another?
- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. And Hallgarten was the other?
- Mr. LEWISOHN. That is right.
- Mr. UNTERMYER. You acted for all three?
- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. Your idea was to buy this stock, take it and market it, was it not?
- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. For the account of the syndicate?
- Mr. LEWISOHN. For the account of the banks.
- Mr. UNTERMYER. How much stock did you undertake to market?
- Mr. LEWISOHN. The syndicate was formed of five millions of preferred and two and one-half millions of common.
- Mr. UNTERMYER. That was the first syndicate, was it?
- Mr. LEWISOHN. That was the syndicate that the bankers formed. They turned that over to the syndicate.
- Mr. UNTERMYER. I understand they turned that over to a syndicate; but the first bankers' syndicate that bought this stock was composed of yourself, and Salomon, and Hallgarten, was it not?
- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. And they received ten millions of preferred, did they not?
- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. And how much of common?
- Mr. LEWISOHN. I am not quite certain. I would not want to make a statement.
- Mr. UNTERMYER. Was it ten millions of common?
- Mr. LEWISOHN. No; I know it was not ten millions of common.
- Mr. UNTERMYER. Then, you must know how much it was. How much was it?
- Mr. LEWISOHN. I am not quite familiar. I would not want to make a statement without being absolutely certain.
- Mr. UNTERMYER. You had a 30 per cent interest in it?
- Mr. LEWISOHN. Yes.
- Mr. UNTERMYER. Is it possible you would not know how much it was, this large transaction, in which you had 30 per cent interest that took place last July—July of this year?
- Mr. LEWISOHN. That is quite a while ago.
- Mr. UNTERMYER. I see; but you do not know, do you?
- Mr. LEWISOHN. I really do not know.
- Mr. UNTERMYER. You could not tell us whether it was five or ten millions of common, could you?
- Mr. LEWISOHN. No; I know it was not ten, and I am not sure just how much it was. It was somewhere between, probably.
- Mr. UNTERMYER. Was it nine millions of common?
- Mr. LEWISOHN. I really do not know.
- Mr. UNTERMYER. Having acquired these ten millions of preferred, and an amount of common that you do not know, this banking syndicate formed a subsyndicate, did it not?
- Mr. LEWISOHN. The banking syndicate formed a syndicate—yes—to purchase from them.

Mr. UNTERMYER. A syndicate that was to buy from you and your associates?

Mr. LEWISOHN. Yes; to buy from my associates.

Mr. UNTERMYER. And yourself?

Mr. LEWISOHN. Our name was not mentioned in the whole matter.

Mr. UNTERMYER. You were interested?

Mr. LEWISOHN. I had an interest.

Mr. UNTERMYER. So it was to buy from you and your associates, was it not?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. This subsyndicate was formed by whom—by Solomon?

Mr. LEWISOHN. By Salomon and by Hallgarten. They were the syndicate managers.

Mr. UNTERMYER. But for the joint account of the three concerns?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. That was a syndicate of how much?

Mr. LEWISOHN. That syndicate—the New York syndicate—was five millions of preferred, two and one-half millions.

Mr. UNTERMYER. Two and one-half millions of common?

Mr. LEWISOHN. Yes; of common.

Mr. UNTERMYER. And they paid to your first syndicate how much in money for that?

Mr. LEWISOHN. They paid to our first syndicate \$5,000,000.

Mr. UNTERMYER. For five millions of preferred and two and one-half millions of common?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Is that right?

Mr. LEWISOHN. That is right.

Mr. UNTERMYER. Were you a member of that second syndicate also?

Mr. LEWISOHN. Yes; our firm received a participation.

Mr. UNTERMYER. And was Salomon and was Hallgarten also in the second syndicate?

Mr. LEWISOHN. I believe so.

Mr. UNTERMYER. That left the first syndicate with five millions of preferred and about five millions of common, did it not?

Mr. LEWISOHN. I did not know just what it left. I know they formed another syndicate for foreign investors of five millions of preferred, and I do not know how much common.

Mr. UNTERMYER. You mean you made up two syndicates?

Mr. LEWISOHN. William Salomon & Co. made up those. They were the syndicate managers. We had absolutely nothing to do with it, and that is why I am unable to inform you.

Mr. UNTERMYER. How much did you get in the foreign syndicate?

Mr. LEWISOHN. I do not know.

Mr. UNTERMYER. Were you not in that?

Mr. LEWISOHN. No; I had nothing to do with it.

Mr. UNTERMYER. Were you not interested in it?

Mr. LEWISOHN. I was not interested.

Mr. UNTERMYER. You had no interest in that foreign syndicate at all, as a participant?

Mr. LEWISOHN. No; I was a participant with the original bankers.

Mr. UNTERMYER. Were you not a participant also in the sub-syndicate?

Mr. LEWISOHN. In the New York syndicate; yes.

Mr. UNTERMYER. And not in foreign syndicate?

Mr. LEWISOHN. Not in the foreign syndicate, no.

Mr. UNTERMYER. The profit that was made by your associates and you in the formation of these two subsyndicates was the difference between the common stock you had gotten with that ten millions of preferred, and the amount of common stock you gave them, was it not?

Mr. LEWISOHN. Yes; that would figure it up, I guess.

Mr. UNTERMYER. That amounted to \$5,000,000 of common stock profits, did it not?

Mr. LEWISOHN. No; it did not.

Mr. UNTERMYER. How much did it amount to?

Mr. LEWISOHN. I am not perfectly familiar.

Mr. UNTERMYER. You can not tell us, you having a 30 per cent interest in it, what it amounted to?

Mr. LEWISOHN. No; I would not want to. Even if I knew, I would not want to tell.

Mr. UNTERMYER. Do you know?

Mr. LEWISOHN. No; I do not know the exact figures. In fact, our original syndicate has not been closed out.

Mr. UNTERMYER. So you can not tell even if you wanted to?

Mr. LEWISOHN. What is that?

Mr. UNTERMYER. Since you do not know, you could not tell even if you wanted to?

Mr. LEWISOHN. I could not tell you, no; because I do not know.

Mr. UNTERMYER. You have no books or anything from which you could tell?

Mr. LEWISOHN. No; I have no books.

Mr. UNTERMYER. No paper or data with you giving any idea whether you and your associates have made five millions of common stock on that first syndicate? That you could not tell us?

Mr. LEWISOHN. No; I could not tell you.

Mr. UNTERMYER. And you could not give us any idea what it was?

Mr. LEWISOHN. No.

Mr. UNTERMYER. You acted as the market operator for the first subsyndicate, did you not, with five millions of preferred and two and one-half millions of common?

Mr. LEWISOHN. I acted in conjunction with other bankers in the transaction.

Mr. UNTERMYER. Were you not the market operator to deal in stock of that syndicate?

Mr. LEWISOHN. There was no necessity for a market operation.

Mr. UNTERMYER. Did you not have a market operation in that stock?

Mr. LEWISOHN. After the security had been placed for the account of the second syndicate.

Mr. UNTERMYER. That I understand perfectly. Having placed the security for the second syndicate, the five millions of preferred and the two and one-half millions of common, did you not undertake to market that stock for the second syndicate?

Mr. LEWISOHN. Yes; we did; in conjunction with the bankers.

Mr. UNTERMYER. In that transaction who acted as market operator on the stock exchange?

Mr. LEWISOHN. We gave our——

Mr. UNTERMYER (interrupting). Who are "we"?

Mr. LEWISOHN. Lewisohn & Bros. gave our orders to the brokers.

Mr. UNTERMYER. When was that stock listed on the exchange?

Mr. LEWISOHN. When was it listed?

Mr. UNTERMYER. The 3d of October, was it not?

Mr. LEWISOHN. In October; yes.

Mr. UNTERMYER. What date?

Mr. LEWISOHN. I have not the exact date here.

Mr. UNTERMYER. Was it listed the same day in which the application was made to the stock exchange to list it?

Mr. LEWISOHN. No; I think the application was made a few days prior.

Mr. UNTERMYER. Are you not wrong about that? Is not the application dated the 2d of October, and was not the stock listed the 4th of October?

Mr. LEWISOHN. No. The application——

Mr. UNTERMYER (interrupting). What is the date of it?

Mr. LEWISOHN. September 30.

Mr. UNTERMYER. Was there not another put in to correct that, on the 2d of October?

Mr. LEWISOHN. This is the only one I have here. I do not know of any other. There may have been one. That is the only one they have given me.

Mr. UNTERMYER. How many shares of stock were listed, of the common stock? Was it not 105,729 shares?

Mr. LEWISOHN. Yes; it was something in that neighborhood.

Mr. UNTERMYER. Does not the application show?

Mr. LEWISOHN. I have not got that application. I have not got it here.

Mr. UNTERMYER. That is about the amount of stock listed?

Mr. LEWISOHN. That is about somewhere around ten millions of common; yes.

Mr. UNTERMYER. Then there were ten millions of common issued, with ten millions of preferred, were there not?

Mr. LEWISOHN. Not that I know of.

Mr. UNTERMYER. Did you not apply to have it listed?

Mr. LEWISOHN. No; I did not make the application.

Mr. UNTERMYER. You knew of the application?

Mr. LEWISOHN. I knew of the application, surely.

Mr. UNTERMYER. You knew they were applying to list ten millions of common?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. And ten millions of preferred?

Mr. LEWISOHN. But there were fifteen millions of common.

Mr. UNTERMYER. The rest of it was held by the vendors, was it not? The remaining five millions of common and two and one-half millions of preferred was held by the vendors, was it not?

Mr. LEWISOHN. Some of that common that was listed belonged to the vendors.

Mr. UNTERMYER. I understand, but there were twelve and one-half millions of total capital of preferred and fifteen millions of total

capital of common, and two and one-half millions of preferred and five millions of common retained by the vendors?

Mr. LEWISOHN. I believe that two and one-half millions of preferred was retained by the vendors and quite a considerable amount over the five millions of common was held.

Mr. UNTERMYER. How much; a million or more?

Mr. LEWISOHN. More than that, I believe.

Mr. UNTERMYER. Have you no recollection?

Mr. LEWISOHN. No; I have not got it exact.

Mr. UNTERMYER. Where can you get it?

Mr. LEWISOHN. I would have to get it from the syndicate manager, William Solomon.

Mr. UNTERMYER. Have you not communicated with the syndicate managers since Saturday?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Have you not found out?

Mr. LEWISOHN. No; because it was after office hours Saturday night.

Mr. UNTERMYER. And they did not know within five or ten millions of how much stock they had received at that time, in last July?

Mr. LEWISOHN. I never asked that question.

Mr. UNTERMYER. Coming back now to this market operation in the common stock of the California Petroleum Co., have you brought with you the list of your trading in that stock?

Mr. LEWISOHN. Yes; I can give you the list.

Mr. UNTERMYER. Have you brought it with you?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Let us have it, will you?

Mr. LEWISOHN. You have that.

Mr. UNTERMYER. Mr. Lewisohn, it appears in evidence here that the total shares listed of that stock were 105,779 shares, and that there were dealt in, in October, 362,270 shares. I have asked you to bring your books showing the amount of stock you bought and sold and traded in during that month for this second syndicate. Have you got them here?

Mr. LEWISOHN. First of all, we never traded in a dollar's worth of stock for the second syndicate.

Mr. UNTERMYER. For whom did you trade?

Mr. Lewisohn. For the account of the bankers.

Mr. UNTERMYER. For yourself and your associates?

Mr. LEWISOHN. For ourselves and our associates.

Mr. UNTERMYER. What became of the stock that was sold to the syndicate?

Mr. LEWISOHN. That was all placed at 91½ and \$40 a share.

Mr. UNTERMYER. I understand that it was placed.

Mr. LEWISOHN. We placed that with our clients and investors.

Mr. UNTERMYER. Having placed that at 111, was it not?

Mr. LEWISOHN. One hundred and eleven and one-half, that evening.

Mr. UNTERMYER. For the preferred and common?

Mr. LEWISOHN. For the preferred and common.

Mr. UNTERMYER. Did you proceed to sell that for them on the market?

Mr. LEWISOHN. We placed that with investors.

Mr. UNTERMYER. Answer my question. Having placed it with investors—

Mr. LEWISOHN. Yes.

Mr. UNTERMYER (continuing). Did you undertake the market operation of selling it for them?

Mr. LEWISOHN. It was all sold. There was no market operation.

Mr. UNTERMYER. Did you or not operate for that syndicate after selling it?

Mr. LEWISOHN. No, sir. We sold the preferred and common and cleaned up the syndicate before it went on the stock exchange.

Mr. UNTERMYER. Then you transferred it to another syndicate?

Mr. LEWISOHN. No; we did not transfer it. We sold it to individual investors.

Mr. UNTERMYER. Did you sell it to another syndicate?

Mr. LEWISOHN. No; we did not sell it to another syndicate.

Mr. UNTERMYER. Did you not sell it to a syndicate at 91 for the preferred and 40 for the common?

Mr. LEWISOHN. No.

Mr. UNTERMYER. You did not?

Mr. LEWISOHN. We did not. We sold that to individuals.

Mr. UNTERMYER. For whom? On whose behalf did you make these market operations of buying and selling the stock during October and November, 1912?

Mr. LEWISOHN. That was on behalf of our associates and investors, so that the investors that we had placed the security with would get a ready market for the security. That is a most desirable security, one which has a ready market.

Mr. UNTERMYER. You and your associates, then, Salomon & Co., and Hallgarten, undertook this market operation on your own account?

Mr. LEWISOHN. Yes; and are still conducting it.

Mr. UNTERMYER. How many shares were in that syndicate?

Mr. LEWISOHN. In that syndicate?

Mr. UNTERMYER. Yes.

Mr. LEWISOHN. At what time?

Mr. UNTERMYER. When you started?

Mr. LEWISOHN. When we started we had no shares.

Mr. UNTERMYER. Where were the shares that you had gotten as your profit?

Mr. LEWISOHN. They were sold.

Mr. UNTERMYER. You had sold your profit shares, had you?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Your five millions of stock you sold?

Mr. LEWISOHN. We did not get five millions of stock.

Mr. UNTERMYER. How many millions did you get?

Mr. LEWISOHN. I do not know exactly.

Mr. UNTERMYER. About how many millions?

Mr. LEWISOHN. It may have been two and a half; about two and a half or three million, or something like that.

Mr. UNTERMYER. Or four million?

Mr. LEWISOHN. No; it may have been around those figures.

Mr. UNTERMYER. You have no idea? Is this a very small transaction for you?

Mr. LEWISOHN. Well, it is not a very large one.

Mr. UNTERMYER. So that between July and this time you have sort of forgotten it?

Mr. LEWISOHN. I have gone into a good many things since then.

Mr. UNTERMYER. And you have not any documents by which you can tell?

Mr. LEWISOHN. No; I have not.

Mr. UNTERMYER. Now the stocks which you and your associates got by way of profit, did you undertake to sell those on the stock exchange.

Mr. LEWISOHN. No; they were placed with investors.

Mr. UNTERMYER. You sold those too, did you?

Mr. LEWISOHN. Yes, there was such a clamor for them——

Mr. UNTERMYER. I say you sold those too, did you?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Now about this clamor which you speak of in October, 1912; you remember it very well?

Mr. LEWISOHN. Well, I am pretty familiar with that part of the business, yes.

Mr. UNTERMYER. You are familiar with the operations that you conducted in October, 1912?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. And your books will show——

Mr. LEWISOHN. Just what we purchased and just what we sold.

Mr. UNTERMYER. Where are those books?

Mr. LEWISOHN. I have gotten for you this morning——

Mr. UNTERMYER. Where are they?

Mr. LEWISOHN. The books are in my office.

Mr. UNTERMYER. They only cover one month's trading, and would they be very bulky?

Mr. LEWISOHN. The books? Yes; they would be.

Mr. UNTERMYER. For one month's trading in this stock?

Mr. LEWISOHN. I mean, they are in our regular books; they are on several months' trading.

Mr. UNTERMYER. Did you give out orders to different brokers to buy and sell?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. How many brokers did you use in making the market for this stock?

Mr. LEWISOHN. I do not know, exactly. We have given orders to quite a few of the brokers.

Mr. UNTERMYER. Did you give out orders every day to buy and sell?

Mr. LEWISOHN. Yes; I bought stock and sold stock; and bought on a scale down and sold on a scale up.

Mr. UNTERMYER. Was that in order to keep the stock active?

Mr. LEWISOHN. That was in order to give it a ready market.

Mr. UNTERMYER. To keep it active?

Mr. LEWISOHN. Not so much for activity as that the investors who had purchased the security from us could have a ready market for their security and could——

Mr. UNTERMYER. But it was a very active stock, was it not?

Mr. LEWISOHN. It was a very active stock.

Mr. UNTERMYER. Have you ever heard of a new stock of a petroleum company put on the market on the 3d of the month and selling over three times the whole capital stock in one month?

Mr. LEWISOHN. Yes: I believe that has been done abroad.

Mr. UNTERMYER. Have you ever heard of it being done anywhere?

Mr. LEWISOHN. Yes; abroad.

Mr. UNTERMYER. Where?

Mr. LEWISOHN. In England.

Mr. UNTERMYER. When?

Mr. LEWISOHN. Years ago, in the oil boom.

Mr. UNTERMYER. How many years ago?

Mr. LEWISOHN. I do not know exactly, but I can get the information for you.

Mr. UNTERMYER. What stock was that?

Mr. LEWISOHN. I do not know. It was in the oil boom, years ago.

Mr. UNTERMYER. In October of this year was there an oil boom in New York?

Mr. LEWISOHN. There was, in this security.

Mr. UNTERMYER. Was there an oil boom in New York?

Mr. LEWISOHN. The price of crude oil was advancing.

Mr. UNTERMYER. Yes.

Mr. LEWISOHN. It might be termed an "oil boom."

Mr. UNTERMYER. I suppose you attribute the fact that there was over three times the capital stock of this security sold the first three days that it appeared on the market entirely to spontaneous public excitement in this security?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Entirely?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Who created this spontaneous public excitement in a security that had never been heard of before?

Mr. LEWISOHN. The excitement was created by the report of experts putting a value on this security and stamping its value, claiming that the common shares were worth over \$100 a share.

Mr. UNTERMYER. Have you ever seen roseate prospectuses before, Mr. Lewisohn?

Mr. LEWISOHN. Have I ever seen what?

Mr. UNTERMYER. Very attractive and alluring prospectuses.

Mr. LEWISOHN. Oh, yes; I have.

Mr. UNTERMYER. You believe that the market operations that you conducted in this stock were not the cause of the dealing in over three times the capital in the first 30 days after it appeared, do you?

Mr. LEWISOHN. No; I do not think it was our action in the market.

Mr. UNTERMYER. How much do your statements show that you dealt in that month? I am speaking now of the California Petroleum Co., the one that came out in October, and I am speaking of the first month of its existence.

Mr. LEWISOHN. I know, offhand—

Mr. UNTERMYER. No; I do want it offhand.

Mr. LEWISOHN. If you will give me the book I can tell you.

Mr. UNTERMYER. Can you furnish for the committee to-morrow morning this data?

Mr. LEWISOHN. Oh, yes. I thought I had it with me.

Mr. UNTERMYER. Will you furnish to-morrow morning to the committee the complete statement of your transactions?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. In this stock in October, 1912?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Will you also furnish to the committee to-morrow the agreement with the syndicate for the purchase of this stock and the agreement with the subsyndicate showing the profit that you and your associates made in this transaction just before putting this stock on the market? The committee wants to have some idea of the manner in which this sort of transactions are conducted, and they want to know the manner of doing the business.

Mr. LEWISOHN. Well—

Mr. UNTERMYER. To inform Congress as to the need of remedial or constructive legislation on the subject.

Mr. LEWISOHN. I do not see that the profit has anything to do with—pertains to—the matter under investigation.

Mr. UNTERMYER. The committee may think it has, Mr. Lewisohn, and the question is whether you will furnish this data.

Mr. LEWISOHN. I could not furnish that data.

Mr. UNTERMYER. Why?

Mr. LEWISOHN. I do not think that it is pertinent to the matter under investigation.

Mr. UNTERMYER. Do you decline to furnish it?

Mr. LEWISOHN. Yes; I decline to furnish it.

The CHAIRMAN. Let us get the question down in legal form.

Mr. UNTERMYER. Yes. Is the California Petroleum Co. engaged in interstate commerce?

Mr. LEWISOHN. Yes, sir; I believe it sells its oil through the country.

Mr. UNTERMYER. All over the country?

Mr. LEWISOHN. Fuel oil.

Mr. UNTERMYER. You have been served with a subpoena, have you not?

Mr. LEWISOHN. I was served; yes.

Mr. UNTERMYER. And will you produce it, if you please?

Mr. LEWISOHN. Yes [producing subpoena].

Mr. UNTERMYER. Is this the subpoena that was served on you?

Mr. LEWISOHN. Yes.

Mr. UNTERMYER. Counsel for Mr. Lewisohn would like this question to stand over until to-morrow morning.

The CHAIRMAN. There is no objection. We state to counsel here that we feel that within the purview of the committee the witness must answer questions unless it will tend to incriminate him, to render him liable for a criminal offense. He has a right to confer with his counsel and have the matter submitted to the committee and Congress in form, and we will adjourn until to-morrow morning to give you a chance to confer with your counsel.

Mr. LEWISOHN. All right.

The subpoena of Mr. Lewisohn was marked "Exhibit No. 130, December 16, 1912," and is printed in the record at the end of this day's proceedings.

At 3.50 o'clock p. m. the subcommittee adjourned until to-morrow, Tuesday, December 17, 1912, at 11 o'clock a. m.

EXHIBIT No. 126—December 16, 1912.

*Members of the New York Stock Exchange who are or were stockholders of the American Bank Note Co. or who are members of New York Stock Exchange firms which hold or have held stock of the American Bank Note Co.*

**Louis C. Clark :**

Member of firm of Clark, Dodge & Co.  
Member of the governing committee 1902.

**Donald G. Geddes :**

Member of firm of Clark, Dodge & Co.  
Member of governing committee 1905-1910.

**William W. Heaton :**

Member of firm of Day & Heaton.  
Member of governing committee 1894-1897, inclusive.  
Member of governing committee and stock list committee 1898-1910.

**Ernest Groesbeck :**

Member of firm of Groesbeck & Co.  
Member of governing committee 1900-1910, inclusive.  
Member of committee on stock list 1901-1907.

**John H. Jackuelin :** Member of governing committee 1892-1896.

**George I. Malcom :**

Member of firm of Malcom & Coombe.  
Member of the governing committee 1906-1910.

**Thomas L. Manson :**

Member of firm of Manson & Co.  
Member of governing committee 1894-1901, inclusive.

**Winthrop Burr :**

Member of the firm of Parkinson & Burr.  
Member of governing committee 1902-1910.

**George B. Post, jr. :**

Member of firm of Post & Flagg.  
Member of governing committee 1900-1910.

**Waldron D. Brown :** Member of firm of Brown Bros. & Co.

**Herbert B. Smithers :** Member of firm of F. S. Smithers & Co.

**Oliver B. Bridgeman.**

**Julia F. Stout,** wife of

**Joseph S. Stout :**

Member of firm of Stout & Co.  
Member of governing committee 1898-1902.

**D. B. Kingsford :** Member of firm of Cuyler, Morgan & Co.

**Stanton Whitney :** Member of firm of Clement & Smith.

**Morgan Davis.**

**George W. Darr :** Member of firm of Darr & Moore.

**A. F. Estabrook :** Member of firm of Estabrook & Co.

**William Borland :** Member of firm of Head & Co.

**Dexter Blagden :** Member of firm of Head & Co.

**Charles Hayden :** Member of firm of Hayden, Stone & Co.

**J. W. Townley :** Member of firm of Homans & Co.

**H. P. Homans :** Member of firm of Homans & Co.

**Hugo Blumenthal :** Member of firm of Hallgarten & Co.

**Sasimir L. Stralen :** Member of firm of Hallgarten & Co.

**Henry Budge :** Member of firm of Hallgarten & Co.

**Sigmund Neustadt :** Member of firm of Hallgarten & Co.

**C. O'D. Iselin :** Member of firm of Iselin & Co.

**Charles Jackson :** Member of firm of Jackson & Curtis.

**William G. Loew :** Member of firm of Keech, Loew & Co.

**I. C. McKeever :** Member of firm of Keech, Loew & Co.

**Clarkson Potter :** Member of firm of Melland & Co.

**F. M. Lockwood :** Member of firm of Lockwood & Co.

**Louis D. Wood :** Member of firm of Ladd & Wood.

**Arthur Lipper :** Member of firm of Arthur Lipper & Co.

**Harry F. Louchheim :** Member of firm of Arthur Lipper & Co.

**Theodore W. Meyers :** Member of firm of Arthur Lipper & Co.

**Donald Mackaye :** Member of firm of Mackaye & Co.

**George D. Mackaye :** Member of firm of Mackaye & Co.

**J. Pierrepont Morgan, jr. :** Member of firm of J. P. Morgan & Co.

James P. Mabon, sister-in-law (Emily T. Mabon) stockholder:  
 Member of governing committee 1901-1910.  
 Member of stock-list committee 1904-1910.  
 Morris C. Sternbach: Member of firm of Sternbach & Co.  
 Archbald G. Henderson: Member of firm of James D. Smith & Co.  
 Charles W. Turner: Member of firm of C. J. Turner & Sons.  
 Mayer S. Williams: Member of governing committee 1905-1909.  
 Robert L. Ide: Member of firm of J. R. Williston.  
 Louis Wolf: Member of firm of Wolf Bros. & Co.  
 Harry Bamberger: Member of firm of Wolf Bros. & Co.  
 Andrew V. Stout:  
 Director of American Bank Note Co.  
 Member of firm of Dominick & Dominick.  
 Bayard Dominick: Member of firm of Dominick & Dominick.  
 Lamont Dominick: Member of firm of Dominick Bros. & Co.  
 Newton E. Stout: Member of firm of Stout & Co.  
 Joseph S. Stout: Member of governing committee 1898-1902.  
 William Fahnestock: Member of firm of Fahnestock & Co.  
 Charles R. Swords.

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EXHIBIT No. 130—DECEMBER 16, 1912.

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES OF THE CONGRESS OF THE UNITED STATES OF AMERICA.

*To the Sergeant at Arms or his special messenger:*

You are hereby commanded to summon Frederick Lewisohn (of Lewisohn Bros.) to be and appear before the subcommittee of the Banking and Currency Committee of the House of Representatives of the United States, of which the Hon. A. P. Pujo, of Louisiana, is chairman, and to require him to bring with him all the books, papers, documents, and records referred to in the accompanying statement marked "A," which is hereby made a part hereof, in their chamber in the city of Washington, on December 11, 1912, at the hour of 11 o'clock a. m., then and there to testify touching matters of inquiry committee to said committee; and he is not to depart without leave of said committee.

Herein fail not, and make return of this summons.

Witness my hand and the seal of the House of Representatives of the United States, at the city of Washington, this 7th day of December, 1912.

[SEAL.]

CHAMP CLARK, *Speaker.*

Attest:

SOUTH TRIMBLE, *Clerk.*

A.

*Statement annexed to and forming part of the subpoena of Frederick Lewisohn.*

(For December 11, 1912.)

Referring to the accompanying subpoena you are required to bring with you and produce at the time and place therein specified all books, papers, documents, and data containing entries of each and all of the following transactions:

1. All such papers and documents containing entries of purchases, sales, and other transactions made by you or your firm of Lewisohn Bros. or any member thereof in the shares of stock of the Mexican Petroleum Co. or California Petroleum Co. or either of them between January 1, 1910, and the present time.

2. All data with respect to transactions in the stocks of the above companies contained in books of account kept by you or your firm or under your or their direction pertaining to the securities of the companies above mentioned or either of them.

3. Any and all agreements or copies thereof relating to the syndicating, pooling, or voting upon the shares of stock of the Mexican Petroleum Co. or the California Petroleum Co., or either of them, or having relation to the making or maintaining of a market in any of the securities of said companies or either of them, or to maintaining a market therein.