

STOCK EXCHANGE PRACTICES

FRIDAY, JUNE 9, 1933

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met, pursuant to adjournment on yesterday, at 10:30 a.m., in the caucus room of the Senate Office Building, Senator Duncan U. Fletcher presiding.

Present: Senators Fletcher (chairman), Glass, Costigan, Gore, Adams, Steiwer, Townsend, and Kean.

Present also: Ferdinand Pecora, counsel to the committee; Julius Silver, David Saperstein, and James B. McDonough, Jr., associate counsel to the committee; and Frank Meehan, chief statistician; John W. Davis, counsel for J. P. Morgan & Co.; Randall J. Le Boeuf, Jr., and Earle J. Machold, counsel for the United Corporation and for George H. Howard, president of the United Corporation; Frank H. Ginn, attorney representing O. P. and M. J. Van Sweringen and John Patrick Murphy.

The CHAIRMAN. The committee will come to order, please. Mr. Pecora, call your next witness.

Mr. PECORA. Mr. Thomas S. Lamont.

TESTIMONY OF THOMAS S. LAMONT, A MEMBER OF THE FIRM OF J. P. MORGAN & CO., NEW YORK CITY—Resumed

Mr. PECORA. Mr. Lamont—

Mr. DAVIS (interposing). Mr. Chairman.

The CHAIRMAN. Mr. Davis.

Mr. DAVIS. Before this witness proceeds to testify, as he is quite ready to do, I want to make a short statement for the sake of the record.

The CHAIRMAN. Very well, Mr. Davis, you may do so.

Mr. DAVIS. The committee will remember that when this witness was called to the stand on last Friday and the question was put to him, I inquired and learned from Mr. Pecora that the question was directed to the matter of personal income-tax payments. I asked to be heard before this committee in executive session and received a very full and very courteous hearing. I should not want to add anything to what I there said were it not for the fear of public misconception. I made that objection on my own personal responsibility as counsel because I have got the old-fashioned idea that every man who asserts his rights serves both himself and the country. And the committee will recall that I based my objection upon two legal

grounds: First, the question whether under the statute a committee of Congress at a public hearing could inquire into personal income-tax payments; and, second, whether the resolution under which the committee was proceeding was broad enough to permit it.

As to the latter, the committee will pardon me, I hope, the satisfaction of feeling that by the adoption of an additional resolution there is sufficient proof that my objection was not altogether factitious. Now, I ask to have the grounds of that objection so stated as to be clearly understood, because I realize that any man who stands upon his rights runs the risk of misrepresentation and misconstruction, and that I feel I am entitled to avoid. Now, the attitude of my clients in this hearing, and in this I am sure the committee will bear me out, has been one of the utmost frankness and a sincere desire to furnish to the committee any information that the committee in its good judgment thought it desired. That is our attitude now on the question. And entertaining that attitude I must ask the committee not to require me as a lawyer to confess error, nor to admit that I do not still entertain the legal opinions I have heretofore expressed, but expressing that attitude on the part of my clients. Mr. Lamont is now ready to testify.

The CHAIRMAN. I think it might be well to place in the record at this point Senate Resolution No. 97, adopted on yesterday.

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, in addition to and supplementing the authority granted under Senate Resolution 84, Seventy-second Congress, agreed to March 4, 1932, and continued and supplemented by Senate Resolution 239, Seventy-second Congress, agreed to June 21, 1932, Senate Resolution 371, Seventy-second Congress, agreed to February 28, 1933, and Senate Resolution 56, Seventy-third Congress, agreed to April 4, 1933, shall have authority to investigate any transactions or activities relating to any sale, exchange, purchase, acquisition, borrowing, lending, financing, issuing, distributing or other disposition of, or dealing in, securities or credit by any person, firm, partnership, company, association, corporation or other entity, and/or any other acts or operations of any one or more of them or of agents, affiliates, or subsidiaries of any one or more of them or of any entity (corporate or otherwise) directly or indirectly controlled or influenced by any one or more of them, which may affect or bear upon, either directly or indirectly, any of the foregoing transactions or activities. Such investigation shall be made with a view to recommending necessary legislation, under the taxing power or other Federal powers.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, either in the District of Columbia or elsewhere, during the first session of the Seventy-third Congress or any recess thereof, and until the termination of the first regular session thereof, to employ such experts, and clerical, stenographic, and other assistants, to require by subpoena, or otherwise the attendance of such witnesses and the production and impounding of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the investigation authorized by this resolution shall be paid out of the sums heretofore or hereafter made available for the investigations authorized under Senate Resolution 84, Seventy-second Congress, as continued by the resolutions above specified and by this resolution. The authority conferred by Senate Resolution 84, Seventy-second Congress, as continued by such resolutions, shall extend until the termination of the first regular session of the Seventy-third Congress.

The CHAIRMAN. You may proceed, Mr. Pecora.

Mr. PECORA. Mr. Lamont, when you were on the stand before this committee on Friday, June 2, last, you were asked by me the follow-

ing questions, which I will read from page 1386 of the stenographic transcript of that hearing:

Question. Mr. Lamont, do you recall that on or about December 30, 1930, you sold various blocks of stock, which I will enumerate to you, 1,500 shares of Continental Oil Co., 200 shares of Durium Products preferred, 300 shares of Hall Electric Heating, 237 shares of E. R. Mallory & Co., 1,000 shares of Shamrock Oil & Gas Co., 500 shares of State Street Investment Company, 350 shares of Investment Corporation of Philadelphia, and 1,000 shares of Simms Petroleum.

And the record shows that after that there was a considerable colloquy between Mr. Davis and myself and members of the committee, but you appear to have made the following answer to that question, as it appears on page 1390 of the transcript of the stenographer's minutes:

Answer. I have no recollection of that, Mr. Pecora.

I now ask you, Mr. Lamont, have you been able to refresh your recollection concerning the making of any such sales by you?

Mr. LAMONT. Yes, sir; I have.

Mr. PECORA. Did you make the sales of the securities referred to?

Mr. LAMONT. I did. And I have prepared a statement setting forth all the facts, which I should like the leave of the committee to read, if I may.

Mr. PECORA. I have no objection, Mr. Chairman.

The CHAIRMAN. Very well, Mr. Lamont, you may read your statement.

Mr. LAMONT. When I went home over last week-end I looked up as thoroughly as I could in those two days the transactions which I had had in those stocks mentioned last Friday by Mr. Pecora. I ascertained the following facts:

I was in 1930 the owner of those stocks which Mr. Pecora specifically referred to. At the end of that year I had a real loss in them due to the decline in values. I sold them as follows:

(a) Publicly:

1,000 shares Shamrock Oil & Gas Co. on December 30, 1930.

1,500 shares Continental Oil Co. on December 31, 1930.

200 shares Durium Products Corporation preferred on December 31, 1930.

300 shares Hall Electric Heating Co. on December 31, 1930.

(b) To my wife on December 30, 1930:

500 shares State Street Investment Corporation.

350 shares Investment Corporation of Philadelphia.

237 shares P. R. Mallory & Co., common.

My beneficial interest in 1,000 shares of Simms Petroleum capital stock.

My wife purchased in the market a similar amount of the shares sold publicly.

She purchased them for cash and borrowed an equal amount from me, upon her demand note which, though not specifically collateralized, was well covered by the shares themselves plus her other personal estate.

Proper transfer stamps were affixed to each transfer; the usual commissions were paid to the brokers where securities were sold through public sales.

There was no agreement nor any understanding between us that I should any time later on repurchase these shares from her or any of them. I intended the sale to be a complete and final disposal of these shares, and she understood it to be so. Dividends on these shares after she bought them were naturally paid to my wife for her own personal account. I was advised that under these circumstances I was fully within my rights in deducting from my income return for the year 1930 the amount of the loss sustained.

In the early part of 1931 things seemed to improve, but after several months they seemed to me to be slipping, and by April it looked to me as though they might get considerably worse. I talked to my wife about this, and we both felt that it was not wise that she should continue to carry this debt against stocks. Therefore, I purchased the stocks from her on April 8, 1931, at the original price and she thereupon paid her loan; the note was surrendered and marked "paid." There was no substantial difference then in the value of the securities compared to December 1930. The necessary steps involved in a purchase of securities took place, including the payment of transfer taxes. I believe that I acted fully within my rights in making this purchase.

I am told that even if my tax deductions growing out of the loss on all the above sales, except those made publicly, were eliminated it would result in an additional tax of \$1,440.29 in my return, and \$595.57 in my wife's.

I have always understood that the Bureau of Internal Revenue regularly examines the tax returns made in our office and that whenever they find mistakes they call our attention to them. I have been told that in 1932 they made their usual examination both of my own and my wife's income-tax return for 1930. At that time they were given full access to all books, papers, and accounts, including the accounts of J. P. Morgan & Co., in which those transactions were recorded. Complete information was given to the Bureau regarding both my sale in December 1930, and my purchase in April 1931. I'd like to say here that mistakes in my returns could come from clerical errors in their compilation, which in our office are rare, or they could come from some error on my own part in the handling of my affairs. If the Bureau had found the latter I can only say that it would have been an honest mistake and that it would probably have been due to my difficulty—which others share—of fully understanding the technique and details of the income-tax law.

Since the Bureau's examination I have received from them no further inquiry, criticism or complaint, nor has there been at any time any redetermination of my tax or any request for a further payment.

Someone has said that the time allotted to the Bureau under the statute to make a redetermination has expired. That doesn't mean anything to me because I don't intend to try and hide my income-tax return now, or at any time, behind a statute of limitation. If the Bureau wants to make a reinvestigation of these transactions, naturally I am entirely willing that they should do so, and quite ready to waive any benefit from the lapse of time which the statutes may give.

Mr. PECORA. Mr. Lamont, who prepared this statement?

Mr. LAMONT. I prepared it, Mr. Pecora. And I—

Mr. PECORA (interposing). Well, I wish to ask—but go ahead.

Mr. LAMONT. I went back over the week-end and went down to the office and looked up as many of the facts as I could, and turned those facts over on Sunday and Monday to Mr. Davis, who dictated in my presence a statement which he presented the other day to you, or to the committee. And then, later on, he suggested that I write out my own statement, and using those facts as a basis I wrote this statement.

Mr. PECORA. In this statement, a copy of which has been furnished to me, you say, among other things, as follows:

I was advised that under these circumstances I was fully within my rights in deducting from my income return for the year 1930 the amount of the loss sustained.

That is on page 2 of the typewritten transcript that I have of the statement you have just read into the record.

Mr. LAMONT. Yes, sir.

Mr. PECORA. I want to ask you if you sustained a loss as a result of those transactions.

Mr. LAMONT. I did.

Mr. PECORA. In what aggregate amount?

Mr. LAMONT. A loss of \$114,807.35.

Mr. PECORA. And did you in pursuance of the advice that you say in this prepared statement you received, make a deduction of that loss from your taxable income for that year, that is, for the calendar year 1930?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Now, do you know for what consideration you sold on December 30, 1930, 1,000 shares of Shamrock Oil & Gas. Co. stock?

Mr. LAMONT. At $7\frac{1}{2}$, less stamps and commissions.

Mr. PECORA. That is, for \$7,500, less stamps and commissions?

Mr. LAMONT. Yes, sir; amounting to \$115, and the proceeds were \$7,385.

Mr. PECORA. The net proceeds to you from that sale was \$7,385?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Now, do you know for what consideration you sold the 1,500 shares of Continental Oil Co. stock on December 31, 1930?

Mr. LAMONT. At $8\frac{1}{8}$, less stamps and commissions; or \$12,187.50, less \$172.50, which was \$12,015.

Mr. PECORA. Do you know the consideration that you received from the sale of 200 shares of Durium Products Corporation preferred stock that you sold on December 31, 1930?

Mr. LAMONT. It was \$1,015, less \$38 for stamps and commissions, or \$977.

Mr. PECORA. And for what consideration did you sell, or what consideration did you receive from the sale of 300 shares of Hall Electric Heating Co. stock on December 31, 1930?

Mr. LAMONT. Do you want me to give you the net, or shall I continue to give you the breakup?

Mr. PECORA. If you will just give me the selling price, and then make your deductions and give the net.

Mr. LAMONT. It was \$1,522.50 less \$57 for stamps.

Mr. PECORA. Making a net of—

Mr. LAMONT (continuing). I might mention, Mr. Pecora, that those two commissions were not paid until January 1 or 2, and that is why I have not mentioned them in here, because they did not come in my 1930 return.

The CHAIRMAN. What were the commissions?

Mr. LAMONT. I do not recall. It was the regular commission paid to the public auctioneers through whom they were sold.

The CHAIRMAN. Can you state what that regular commission is usually?

Senator KEAN. It is one quarter of 1 percent.

Mr. LAMONT. I will get it for you.

The CHAIRMAN. The customary charge is one quarter of 1 percent, isn't it?

Mr. LAMONT. I do not recall.

The CHAIRMAN. I mean the customary or usual commission.

Mr. LAMONT. All right; I will get it for you.

Mr. PECORA. Were the shares of the Shamrock Oil & Gas Co. listed on any public exchange at that time, Mr. Lamont?

Mr. LAMONT. They were traded in on the Pittsburgh Stock Exchange.

Mr. PECORA. Did you sell them through that exchange?

Mr. LAMONT. My broker sold them through that exchange.

Mr. PECORA. Who was the broker?

Mr. LAMONT. Gammack & Co.

Mr. PECORA. Of Pittsburgh or New York?

Mr. LAMONT. Of New York. But they have a branch in Pittsburgh.

Mr. PECORA. Were the shares of the Continental Oil Co. listed on any public exchange on December 31, 1930?

Mr. LAMONT. On the New York Stock Exchange.

Mr. PECORA. Did you sell those 1,500 shares of that stock which you have referred to, through the New York Stock Exchange?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Through what broker?

Mr. LAMONT. I gave it to our own stock department, J. P. Morgan & Co., and they gave it out to brokers.

Mr. PECORA. Do you know the broker that actually made the sale?

Mr. LAMONT. I do not know the broker that made the sale. I did not have an opportunity to check up on that. I found the name of the broker through whom the purchase was made by my wife, which was Herrick, Berg & Co.

Mr. PECORA. Were those shares of the Continental Oil Co. at the time you sold them in your name?

Mr. LAMONT. I was not able to check on that over Saturday and Sunday. I think they were held by nominees.

Mr. PECORA. Can you tell us the name of your nominee?

Mr. LAMONT. At that time we had—no, I cannot. I just don't recall. At that time they used the names of a number of nominees.

Mr. PECORA. On those dates you were one of the partners of the firm of J. P. Morgan & Co., were you not?

Mr. LAMONT. Yes.

Mr. PECORA. And have been since that time right up to the present time?

Mr. LAMONT. Yes, sir.

The CHAIRMAN. Mr. Lamont, it is in the record, but you might state again when you became a partner.

Mr. LAMONT. December 31, 1928.

Mr. PECORA. Mr. Lamont, this stock of the Continental Oil Co. that we are now speaking of was in the name of a nominee. Was it one of the nominees of J. P. Morgan & Co.?

Mr. LAMONT. Yes. You see, my securities account is kept in J. P. Morgan & Co., and they keep the securities of all their clients, who so wished, in the names of nominees for convenience.

Mr. PECORA. How many different names of nominees were used for such transactions, or transactions involving the purchase and sale of securities?

Mr. LAMONT. Well, I just wouldn't know. I just wouldn't know, Mr. PECORA.

Mr. PECORA. Do you know whether there is more than one nominee?

Mr. LAMONT. Oh, yes; at that time.

Mr. PECORA. About how many were there?

Mr. LAMONT. I wouldn't know. I just don't know. I can find out and let you know.

Mr. PECORA. Do you know the names of any of the nominees?

Mr. LAMONT. No; I do not. But again I can find out and give you a list of them if you like.

Mr. PECORA. All right.

Senator KEAN. Let me ask a question right there: Isn't it true that in your office the probability is that you go into one transaction where you may have certain nominees for that transaction, and into another transaction where you may have the names of other nominees for that transaction?

Mr. LAMONT. Yes. I don't know, Senator Kean, but there were different nominees who would hold shares of the stock which would be in their names. But so far as I know there was no set arrangement or rule.

Mr. PECORA. Now, with reference to the 200 shares of stock of Durium Products Corporation preferred which you say you sold or caused to be sold on December 31, 1930, were those shares listed on any public exchange?

Mr. LAMONT. No; they were not.

Mr. PECORA. And through what medium was the sale of those 200 shares effected?

Mr. LAMONT. They were sold through Adrian A. Muller & Co.—or I mean Adrian A. Muller & Son, public auctioneers.

Mr. PECORA. Did you attend the sale?

Mr. LAMONT. No, sir.

Mr. PECORA. Did any representatives of yours attend the sale in your behalf?

Mr. LAMONT. I put the sale through the brokerage firm of Whitney & Co., and I do not know what they did. I asked them to have those stocks sold by Muller.

Mr. PECORA. The stock could have been sold in the so-called over-the-counter market, couldn't it?

Mr. LAMONT. No; I do not think there was any over-the-counter market for it.

Senator KEAN. Let me ask a question right there: Muller is the regular auctioneer that has such auctions once a week?

Mr. LAMONT. That is right, or quite frequently.

Senator KEAN. And if anybody wants to sell unlisted stocks, for which there is no market, and to establish a legal sale, in the case of estates, trustees, and various other people, they send them up to Muller and they are sold at public auction, and a big crowd appears there, so that that is the way they are sold, as you state it?

Mr. LAMONT. Yes, sir. And they advertise them in the newspapers. I ran across one the other day.

Mr. PECORA. This firm of Adrian Muller & Son specialize in auction sales of that character, don't they?

Mr. LAMONT. Yes, sir.

The CHAIRMAN. Do they sell stocks that are listed or only those that are not listed?

Mr. LAMONT. Well, I think they sell anything, yes.

Senator KEAN. Isn't it true that very often a lawyer who closes an estate has some doubt about the best way to sell securities, and therefore he goes to Adrian Muller & Son, who are public auctioneers, and who sell stocks whether listed or not, and sells them through Adrian Muller & Son in order to get a record, is that true?

Mr. LAMONT. Well, I am not a lawyer, Senator Kean, but that is true, they tell me.

Mr. PECORA. Now were the shares of Hall Electric Heating Co. which you say you sold or caused to be sold on December 31, 1930, listed on any public exchange at that time?

Mr. LAMONT. No, sir; not to my knowledge.

Mr. PECORA. And through what medium was the sale of 300 shares of that stock effected?

Mr. LAMONT. Again, through Adrian R. Muller & Son.

Mr. PECORA. Now were the shares of the State Street Investment Corporation which you say you sold on December 30, 1930, listed on any public exchange at that time?

Mr. LAMONT. No, sir. Before you go to that, may I just make a correction. That is Adrian H. Muller & Son. And as to the amount of commission I paid on those sales, it was \$70.50. That is, advertising and catalogues, salesmen's fees and commission one eighth percent, or 12½ cents per par. Now State Street?

Mr. PECORA. Yes, sir; State Street Investment Corporation; were those shares listed on any public exchange?

Mr. LAMONT. No, sir.

Mr. PECORA. Through what medium did you sell them?

Mr. LAMONT. I sold them, as I said in my statement, to my wife.

Mr. PECORA. That was a direct sale by you to your wife without medium of any broker or any other agency?

Mr. LAMONT. That is right.

Mr. PECORA. What was the consideration that you received for those 500 shares of State Street Investment Corporation stock?

Mr. LAMONT. \$26,250. Less stamps, \$14. \$26,236.

Mr. PECORA. Were the shares of the Investment Corporation of Philadelphia, which you say you sold on December 30, 1930, listed on any public exchange on that date?

Mr. LAMONT. No, sir.

Mr. PECORA. Through what medium or in what channel did you effect the sale of those 350 shares on December 30, 1930?

Mr. LAMONT. In the same way as the State Street Investment Corporation.

Mr. PECORA. Was the sale made directly by you to your wife without the medium or intervention of a broker or other agency?

Mr. LAMONT. Right.

Mr. PECORA. And what was the consideration that you received for the sale of those 350 shares of Investment Corporation of Philadelphia stock?

Mr. LAMONT. Mr. Pecora, I made a mistake in reading this, on the previous one. I got the State Street and the Investment Corporation—

Mr. PECORA. Mixed up?

Mr. LAMONT. Reversed.

Mr. PECORA. I see.

Mr. LAMONT. Can I now give you the State Street?

Mr. PECORA. Yes; if you will.

Mr. LAMONT. And you can switch them around.

Mr. PECORA. All right.

Mr. LAMONT. The one I gave was the Investment Corporation of Philadelphia, the net of which was \$26,236. State Street proceeds were \$32,500, less \$20 taxes; net, \$32,480.

Mr. PECORA. Were the shares of P. R. Mallory & Co. common stock, which you say you sold on December 30, 1930, listed on the public exchange at that time?

Mr. LAMONT. No, sir; not that I know of.

Mr. PECORA. And how was that sale effected?

Mr. LAMONT. In the same way.

Mr. PECORA. That is, to your wife?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Directly by you, without any broker or other agent?

Mr. LAMONT. Right.

Mr. PECORA. And what was the consideration you received for the 237 shares of that stock which you sold on that date?

Mr. LAMONT. \$1,422, less stamps, \$9.48; net, \$1,412.52.

Mr. PECORA. How many cents?

Mr. LAMONT. 52 cents.

Mr. PECORA. Were the shares of the Simms Petroleum Co. stock, which you say you sold on December 30, 1930, listed on any public exchange on that date?

Mr. LAMONT. They were so.

Mr. PECORA. On what exchange?

Mr. LAMONT. On the New York Stock Exchange.

Mr. PECORA. And was the sale of your beneficial interest in 1,000 shares of that stock made through that exchange?

Mr. LAMONT. No. I did not have the right to sell the shares. I could sell my ownership of beneficial interest. And they were held by trustees, these shares.

Mr. PECORA. What was the nature and the extent of your beneficial interest in those shares at that time?

Mr. LAMONT. One thousand shares.

Mr. PECORA. No; what was the nature of your beneficial interest?

Mr. LAMONT. Well, they were shares which I had paid for and they were held by trustees.

Mr. PECORA. For your account?

Mr. LAMONT. Yes. They were part of a larger block of shares that the trustees held.

Mr. PECORA. When was that trust created?

Mr. LAMONT. Well, some time prior to this time. I do not know exactly.

Mr. PECORA. Was it some time during the year 1930?

Mr. LAMONT (after conferring with associates). That would be my recollection; yes.

Mr. PECORA. And will you tell us who created the trust?

Mr. LAMONT. No; I do not know, Mr. Pecora. These shares were—I had an interest in a syndicate, and at the time the syndicate expired the shares were trustee pending—my shares with many others of the shares were trustee pending a possible sale of the shares in a block.

Mr. PECORA. Who were the trustees?

Mr. LAMONT. There were three trustees, as I recall, looking at it over the weekend. One of them—his name I do not recall. And the others' names were John J. Raskob and Cornelius N. Bliss, Jr.

Mr. PECORA. How did you make the sale of your beneficial interest in a thousand shares of Simms Petroleum Co. stock on December 30, 1930?

Mr. LAMONT. It is my understanding that the books of these trustees—that the trustees or the bookkeeper for them was notified.

Mr. PECORA. Well, did you make the sale directly to your wife?

Mr. LAMONT. I did; yes.

Mr. PECORA. Without the intervention or medium of a broker or other agent?

Mr. LAMONT. That is right.

Mr. PECORA. And what was the consideration that you received therefor on that sale?

Mr. LAMONT. \$6,500, less stamps, \$4; net \$6,496.

Mr. PECORA. Who were the other members of the syndicate in that trust exchange?

Mr. LAMONT. I just would not recall them, Mr. Pecora.

Mr. PECORA. Do you know how many other participants there were in the syndicate?

Mr. LAMONT. No. I do not know the details of it at all.

Mr. PECORA. Did you give any notice to the trustees of the sale of your beneficial interest of these 1,000 shares?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Was it a notice in writing?

Mr. LAMONT. No; but the books of this trustee stock were—it was recorded in those books.

Mr. PECORA. Who keeps those books, Mr. Lamont?

Mr. LAMONT. The trustees. I just do not remember the names.

Mr. PECORA. In what office are they kept?

Mr. LAMONT (after conferring with associates). No; I do not know.

Mr. PECORA. You do not know?

Mr. LAMONT. I do not know; no, sir.

Mr. PECORA. Did you have a certificate evidencing your beneficial interest in these shares?

Mr. LAMONT. I had data and letters, but I had no certificate in my own possession; no.

Mr. PECORA. Did you ever have one so far as you know, whether in your possession or in the custody of any one else?

Mr. LAMONT. No.

Mr. PECORA. Now have you ever had a copy of the trust agreement under which these shares were held in trust?

Mr. LAMONT. I do not recall having seen one. No doubt there was—I am sure there was one, but I just don't—

Mr. PECORA. Now, you say in your prepared statement which you read into the record this morning—you say as follows, on page 1:

My wife purchased in the market a similar amount of the shares sold publicly.

Does that relate to the shares of Shamrock Oil & Gas Co., of Continental Oil Co., of Durium Products Corporation preferred, and of Hall Electric Heating Co. that you have testified you sold or caused to be sold either through the medium of the exchange or of public auction on December 30 or December 31, 1930?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Did you at any time prior to the making of these sales of the securities mentioned in my last question have any conversation with your wife with respect to those shares?

Mr. LAMONT. Yes; indeed I did.

Mr. PECORA. And will you please give us the substance of such conversation in so far as it related to these shares? In so far as the conversation related to these shares?

Mr. LAMONT. Well, I talked to her about these shares and about the whole transaction. My wife takes a fairly lively interest in her account, and I went over the purchase which she might make of these with her, and she signified a desire to purchase, and we both agreed that there was an opportunity for profit there from her standpoint, and she agreed and was glad to make that purchase.

Mr. PECORA. Do you know how she made the purchase of those four securities—four blocks of securities?

Mr. LAMONT. I am not sure. Her account was also in J. P. Morgan & Co.'s office, and on the Continental Oil and the Shamrock and Durium Products she may have—I may have or someone in the office—I may have as her agent, or someone in the office may have given the orders for her purchase of those things.

Mr. PECORA. When you say someone in the office, do you refer to the office of J. P. Morgan & Co.?

Mr. LAMONT. Yes. My secretary, my father's secretary, or any one in there.

Mr. PECORA. How long before the date of the making of these sales of those four blocks of securities did you have that conversation with your wife?

Mr. LAMONT. I could not recall that, Mr. Pecora.

Mr. PECORA. Was it the same day or—

Mr. LAMONT. Oh, no; oh, no.

Mr. PECORA. Or a day or two previously?

Mr. LAMONT. Oh, yes.

Mr. PECORA. It was very, very close to the date of the making of the sales, was it, that you had this conversation?

Mr. LAMONT. Well, I probably had conversed with her about it from time to time. I do not know how often or how many times, or when, but it was certainly prior to December 30.

Mr. PECORA. When did you definitely make up your mind to sell those four blocks of securities?

Mr. LAMONT. Well, I could not recall exactly, but along toward the end of the year there.

Mr. PECORA. And was it after you had made up your mind to sell these four blocks of securities that you discussed these securities with your wife in the manner that you have told us?

Mr. LAMONT. I do not think so, no. I think that it was probably simultaneous. I discussed frequently with my wife my own affairs and her affairs, and she discusses her affairs with me.

Mr. PECORA. Now toward the bottom of page 2 of your prepared statement which you read into the record, Mr. Lamont, I find the following statement:

I am told that even if my tax deductions growing out of the loss on all the above sales, except those made publicly, were eliminated it would result in an additional tax of \$1,440.29 in my return, and \$595.57 in my wife's.

Was that calculation of the additional tax made by you, or was it made for you by somebody else?

Mr. LAMONT. Made for me by somebody else. I could not calculate that.

Mr. PECORA. Now would there have been an additional tax on either your return or your wife's return for the calendar year 1930, other than the sums of \$1,440.29 and \$595.57 if you were to include in any such calculation the sales that were publicly made by you, namely, sales of the Shamrock Oil & Gas Co., the Continental Oil Co., Durium Products Corporation preferred, and the Hall Electric Heating Co. stocks?

Mr. DAVIS. May I correct you, Mr. Pecora? You said if he included that. You meant, did you not, if he excluded the deductions for those?

Mr. PECORA. Yes; if the deductions for the losses resulting from those shares were excluded.

Mr. LAMONT. Yes.

Mr. PECORA. Do you know how much the additional tax would have been?

Mr. LAMONT. No; I do not know.

Senator KEAN. Just one minute there. I would like to ask him a question. As those sales represented a very small amount of money, why, the tax could not have been very large, could it?

Mr. LAMONT. I should not assume it would have been, Senator Kean.

Mr. PECORA. Do you know how much of a loss you sustained as the result of those public sales of those four classes or blocks of securities?

Mr. LAMONT. I can work it out.

Mr. PECORA. Well, if you will tell us.

Mr. LAMONT. \$52,000. Around about \$52,000.

Mr. PECORA. How much did you say? Fifty-two?

Mr. LAMONT. Around \$52,000; yes.

Mr. PECORA. That is, the sales of those four blocks resulted in a loss to you of around \$52,000 which you deducted from your income in your return?

Mr. LAMONT. That is right.

Mr. PECORA. Now with respect to the sales that you made directly to your wife of the three blocks of securities referred to in your statement, namely, the shares of the State Street Investment Corporation, of the Investment Corporation of Philadelphia, and the P. R. Mallory & Co. common, when did you discuss with your wife the matter of your selling to her those shares?

Mr. LAMONT. Well, presumably some time in the latter part of December. I do not recall, but it was certainly prior to the time she—prior to the time I sold them. Prior to the time she bought them.

Mr. PECORA. Were there any public quotations on those three securities, or any of them, on December 30, 1930?

Mr. LAMONT (after consulting with associates). I think that there were some over-the-counter—the State Street Investment Co. of Philadelphia and the—

Mr. PECORA. No; in the Mallory—

Mr. LAMONT. Just Mallory?

Mr. PECORA. No; the three of them.

Mr. LAMONT (after conferring with associates). We could not find anything on Mallory. On the others—on State Street, that company will buy or sell its stock. It is a sort of open-ended investment trust and will buy and sell its stock subject to 30 days' notice. And they will give you a quote, giving them a spread, around the liquidating value; an investment corporation. I can find out the liquidating value, but there was practically no market that I know of of any kind.

Mr. PECORA. With respect to your making the sale of these blocks of State Street Investment Corporation, of Investment Corporation of Philadelphia, and of P. R. Mallory & Co. common stock to your wife on December 30, 1930, did you obtain any public quotations at any time?

Mr. LAMONT. I obtained the quotations—as I recall, I obtained the quotations from the companies as to their liquidating value, and I may have also checked to see if there were any other quotations anywhere else on them than I got from the company.

Mr. PECORA. By the liquidating value do you mean the book value?

Mr. LAMONT. Break-up value. Based on the market for the securities they held.

Mr. PECORA. Now Mr. Lamont, how was the price determined in this transaction between you and your wife which she was to pay and which you were to receive on the sale of these securities, these three last-mentioned blocks?

Mr. LAMONT. Well, as I said, on State Street and on Investment Corporation of Philadelphia, I believe those prices were somewhere around, if not the exact figures, quoted by those companies themselves, which they will give you, as to what their break-up value is. In the case of Mallory I do not just recall whether I got that quotation there, but I think that I must have called up some one who knew something about it. It must have been an over-the-

counter market. I knew approximately around where it was, and I called up to get the over-the-counter market, if there was an over-the-counter market.

Mr. PECORA. Now with respect to your sales of these three last-mentioned blocks of securities, will you tell the committee the course of the negotiations between you and your wife that terminated in the making of the sales?

Mr. LAMONT (after conferring with associates). I thought, Mr. Pecora, that I had said a little while ago that I had talked to her some time previous to December 30 and discussed with her, as she discussed with me, the advisability of her buying these three stocks. And the others as well.

Mr. PECORA. Was the price discussed between you?

Mr. LAMONT. Sir?

Mr. PECORA. Was the price discussed between you? The price you were willing to sell for and that she was willing to pay, that she was willing to buy them for?

Mr. LAMONT. Yes; because I knew the approximate prices that they were selling at then when I talked to her. There was no fluctuation. Of course she, on the other hand, herself knew about these stocks—State Street Investment Corporation, and the Investment Corporation of Philadelphia, and she knew of her own knowledge about those, and as to the P. R. Mallory, I told her of the nature of the company, the business.

Mr. PECORA. Now, did you have in your name the certificates of stock for those three last-named blocks of stock at the time you made these sales to your wife?

Mr. LAMONT (aside to an associate). Were they in my name? (After conferring:) They were in the names of nominees, all three of them.

Mr. PECORA. Do you know the names of those nominees?

Mr. LAMONT. I don't; no, sir.

Mr. PECORA. Were they among the nominees usually used by the firm of J. P. Morgan & Co. for stock transactions?

Mr. LAMONT. I presume they were; yes.

Mr. PECORA. Did you actually deliver to your wife on the occasion of the sale of these three last-named blocks of stock the certificates?

Mr. LAMONT. I ordered the delivery of them through J. P. Morgan & Co., and they were so delivered and held for our own account, duly recorded in the books, her account and my account, in the books of J. P. Morgan & Co.

Mr. PECORA. And will you also get if you can, as you also said you would in connection with these other blocks, the names of nominees?

Mr. LAMONT. Names of nominees on——

Mr. PECORA. On these three blocks.

(Mr. Lamont wrote on a piece of paper.)

Mr. PECORA. Now, Mr. Lamont, I believe you said that the shares of the Simms Petroleum Co. were listed on the New York Stock Exchange?

Mr. LAMONT. That is my recollection; yes, sir.

Mr. PECORA. On December 30, 1930; but that you did not make the sale of your beneficial interest in a thousand shares of that stock

to your wife through the exchange or through a broker. That is correct, isn't it?

Mr. LAMONT. Yes.

Mr. PECORA. How was the price that you were willing to sell for and that your wife was willing to pay for your beneficial interest in those shares of Simms Petroleum Co. agreed upon between you? How was it fixed?

Mr. LAMONT. Well, based on current market.

Mr. PECORA. That is, on the current public quotations?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Of the trades in that security on the New York Stock Exchange?

Mr. LAMONT. That is right.

Mr. PECORA. At that date?

Senator KEAN. Mr. Lamont, you could not have sold those beneficial certificates on the stock exchange because they were not listed?

Mr. LAMONT. No. I owned the beneficial interest. I could not sell the beneficial interest. I didn't own the shares. I owned a beneficial interest in a thousand shares. And therefore it could not go through—be sold on the stock exchange.

Mr. PECORA. Well, I want to understand that correctly, so I will ask you this about those shares: Were you one of a syndicate that included a number of other participants or members which had the title to a block of the capital stock of the Simms Petroleum Co. on December 30, 1930?

Mr. LAMONT. The syndicate, so far as I was able to find out over the week end, the syndicate had wound up, and I was one of a group who owned these shares which had been trustee upon the termination of the syndicate.

Mr. PECORA. When was that syndicate terminated, Mr. Lamont?

Mr. LAMONT (after conferring with associates). A good many months before. It may have been a year. Some months before.

Mr. PECORA. Then, was there a distribution among the various members of the syndicate of the securities that were held in that syndicate account?

Mr. LAMONT. No. As I said a little earlier, the members of the syndicate agreed to trustee their shares pending the possible sale of the shares in a block to some buyer.

Mr. PECORA. You said there were—how many trustees did you say there were?

Mr. LAMONT. Three.

Mr. PECORA. And you could not recall the name of one of those three?

Mr. LAMONT. That is right.

Mr. PECORA. You recall that Mr. Raskob and Mr. Bliss—

Mr. LAMONT (interposing). The name didn't mean anything.

Mr. PECORA. Were the other two trustees?

Mr. LAMONT. Yes.

Mr. PECORA. Do you know whether they were participants in or members of the syndicate?

Mr. LAMONT. I don't know.

The CHAIRMAN. Do you know the number of total shares in this block originally?

Mr. LAMONT. Well, it was substantial. I know it was substantial, because they wanted to sell it in a block. It would have been more advantageous to have sold it in a block. But I don't know what the number was.

Mr. PECORA. Did you have only one conversation with your wife respecting the sale by you of all these eight blocks of securities and the purchase of them by her?

Mr. LAMONT. As I said a minute or two ago, I just don't recall how many I had, whether it was one or how many, but I had one or more, certainly, prior to December 30.

Mr. PECORA. Did you advise, counsel your wife to buy these securities when you sold them?

Mr. LAMONT. I advised her and she wanted to buy them.

Mr. PECORA. And she did buy them?

Mr. LAMONT. And she did buy them.

Mr. PECORA. In the manner that you have told us about in your testimony?

Mr. LAMONT. That is right.

Mr. PECORA. Now, you say in your statement, you say on the first page of your prepared statement as follows:

She [referring to your wife] purchased them for cash and borrowed an equal amount from me upon her demand note, which, though not specifically collateralized, was well covered by the shares themselves, plus her other personal estate.

Now, do you mean by that, Mr. Lamont, that your wife actually paid to you by check or otherwise the purchase price for these eight blocks of securities?

Mr. LAMONT. Yes, sir.

Mr. PECORA. And was that done on December 30 or December 31, 1930?

Mr. LAMONT. December 31.

Mr. PECORA. Now, in what form did she make payment to you for these securities on December 31, 1930?

Mr. LAMONT. Her account in the office of J. P. Morgan & Co. was debited, was charged with the cost of these securities, and my account was credited.

Mr. PECORA. Then there was not any actual transfer, physical transfer, of any cash or other medium of payment, was there?

Mr. LAMONT. Well, I thought that a bank—in a bank's operations [Mr. Whitney whispered to Mr. Lamont] an operation of that sort, it is the same thing as an actual—it is the same thing as an actual check or otherwise. A cash credit is just the same as any other transaction, not currency.

Mr. PECORA. Mr. Lamont, I noticed while you were answering the question then one of your partners, Mr. Whitney, whispered something to you. I have no objection to your consulting with him before answering any question I put to you, provided you have the record show that your answer is made after consulting with anyone with whom you consult.

Senator GLASS. Well, there should not be any objection to that, Mr. Pecora. You frequently consult with your experts here—

Mr. PECORA (interposing). Well, I am saying I have no objection to it.

Senator GLASS. Who suggest to you to ask questions. What is the objection to that?

Mr. PECORA. I say there is no objection, but I think I simply want the record to show it.

Senator GLASS. I just want to be fair.

Mr. PECORA. Now, Mr. Whitney—I beg your pardon—Mr. Lamont, when did you get this demand note from your wife that you referred to in the next to the last paragraph of the first page of your prepared statement?

Mr. LAMONT. December 31.

Mr. PECORA. And you say that it was not specifically collateraled. Do you mean by that that there was no actual collateral given to secure the note?

Mr. LAMONT. Yes, sir.

Mr. PECORA. That is, there was no collateral given to secure the note?

Mr. LAMONT. No, sir.

Senator KEAN. You mean that there was no collateral specified in the note?

Mr. LAMONT. There was no collateral specified in the note.

Mr. PECORA. Well, do you mean that, or do you mean that there was no collateral whatsoever given to you to secure the note?

Mr. LAMONT. I didn't ask for any collateral. I didn't think I needed it.

Mr. PECORA. And you didn't receive any?

Mr. LAMONT. No.

Mr. PECORA. Was it an interest-bearing note, Mr. Lamont?

Mr. LAMONT. Yes.

Mr. PECORA. And did you collect interest on it?

Mr. LAMONT. Over the week end I was unable to find that I did collect interest on it. I cannot say that I did or didn't, but we looked it up and I didn't find an entry in the——

Mr. PECORA. And you have no present recollection of receiving any interest on that note?

Mr. LAMONT. I have no recollection one way or the other, Mr. Pecora. I would have assumed that I did, because it carried interest.

Mr. PECORA. I notice that you say on page 2 of your [Mr. Lamont conferred with Mr. Davis] prepared statement in the first paragraph on that page that “dividends on these shares after she bought them were naturally paid to my wife for her own personal account.”

Do you know that to be the fact?

Mr. LAMONT. I do.

(Mr. Lamont at this point conferred with Mr. Davis.)

Mr. PECORA. Now, you say further on page 2 [Mr. Lamont continued to confer with Mr. Davis]—you say further on page 2 of your prepared statement as follows:

In the early part of 1931 things seemed to improve, but after several months they seemed to me to be slipping, and by April it looked to me as though they might get considerably worse. I talked to my wife about this and we both felt that it was not wise that she should continue to carry this debt against stocks. Therefore, I purchased the stocks from her on April 8, 1931, at the original price, and she thereupon paid her loan. The note was surrendered and marked “paid.” There was no substantial difference then in the value of the securities compared to December 1930.

How was that sale of those securities by your wife to you effected in April 1931?

Mr. LAMONT. I bought it back direct from her. Didn't occur to me to do it in any other manner.

Mr. PECORA. That is, there was no broker?

Mr. LAMONT. There was no broker.

Mr. PECORA. Or other agent or intermediary involved in the purchase of these securities by you from your wife?

Mr. LAMONT. That is right.

Mr. PECORA. And when did you buy them back from her?

Mr. LAMONT. April 8.

Senator KEAN. I would like to ask a question there—and the stamps were attached at that time?

Mr. LAMONT. Oh, yes. Yes, indeed.

The CHAIRMAN. Did you have any idea of making deductions from your returns on account of losses growing out of that transaction when you took back the stock?

Mr. LAMONT. No. My reason for buying it back, as stated in this statement, Senator Fletcher, that looked to me as if things were getting worse, and my wife wanted to get rid of them. She felt the same way about it.

Senator KEAN. In other words, she thought that when they had gone down so far in December, when you bought them, she was getting them at bargain prices?

Mr. LAMONT. Well, things generally looked at the end of that year pretty good. I mean looked as if they were going to turn for a while.

Senator KEAN. And 3 months afterwards, when she looked as if she was going to face a loss, why, she went back to her husband and said, "Now, take these off my hands"; is that right?

Mr. LAMONT. Yes, sir.

The CHAIRMAN. She was a little nervous over the situation.

Mr. PECORA. Mr. Lamont, what was the amount, the principal amount of the demand note you say you received from your wife on December 31, 1930, in connection with these stock transactions?

Mr. LAMONT. \$89,084.50.

Mr. PECORA. Now, that represented the aggregate price that she paid?

Mr. LAMONT. Yes.

Mr. PECORA. On December 30 and 31, 1930, for these eight blocks.

Mr. LAMONT. That is right.

Mr. PECORA. Of securities that you sold—that is right?

Mr. LAMONT. Yes.

Mr. PECORA. And when you purchased those securities from her on April 8, 1931, did you pay her the consideration upon such purchase by you in the form of cash or any check, or did you make payment by returning to her this demand note marked paid?

Mr. LAMONT. I returned the demand note and the entries, credits, charges, were duly made in our accounts in the books in J. P. Morgan & Co.

Mr. PECORA. What was the market value of these eight blocks of securities when you purchased them from her on April 8, 1931?

Mr. LAMONT. Well, as I said in here, it was—there was no substantial difference in the price on April 8, 1931, and the price on

December—at the end of December 1930. So far as I was able to check over the week-end, the difference might have been one or two hundred dollars. I just don't know one way or the other.

Mr. PECORA. That is in the aggregate?

Mr. LAMONT. Yes; altogether.

Mr. PECORA. Then was the difference—I withdraw that. On April 8, 1931, was the market price of these eight blocks of shares, some one or two hundred dollars less than the price which she paid for them in the end of December 1930, or was it some one or two hundred dollars more? Which was it?

Mr. LAMONT. Over the week-end I was not able to figure it out exactly and get the exact quotations on things like this Investment Corporation of Philadelphia and those things, but the indications were that it was just about the same, and whether it was a little less or a little more I just don't know. I mean it may have been right on it. I just don't know.

Mr. PECORA. You would say that whatever difference there was only amounted to around \$200 one way or the other?

Mr. LAMONT. Something like that; yes.

Mr. PECORA. Then there had not been any real appreciation or depreciation of these securities between the end of 1930 and the 8th of April, 1931?

Mr. LAMONT. There had been an appreciation which began to look pretty good just the first couple of months of the year, and then things went off again and—she had some appreciation at one time, along in February I think it was.

Mr. PECORA. Well, when your wife spoke to you about her selling these eight blocks of securities back to you, selling them to you on April 8, 1931, did you advise her to sell?

Mr. LAMONT. I did, yes. We both—both of us felt that it was wise to sell. In fact, it was the general feeling in our office that things didn't look too happy for the immediate future, and it was best to trim your sails, and I didn't want my wife to continue, as I said here, to carry—and she didn't want to carry—these stocks against this debt.

Mr. PECORA. Did both of you at that time reach a conclusion to the effect in substance that if she were to continue to hold these securities after April 8, 1931 she might sustain a loss from so doing?

Mr. LAMONT. Yes.

Mr. PECORA. You both felt that the depreciation and value of those securities would continue after April 8, 1931?

Mr. LAMONT. Yes.

Mr. PECORA. And for that reason she decided to sell?

Mr. LAMONT. That is right.

Mr. PECORA. Why did you decide to buy them then, Mr. Lamont, if you felt at that time that those securities would continue to depreciate in value after April 8, 1931?

Mr. LAMONT. Because I had the confidence in these securities and I was a business man willing to take the risk of holding them, and on the other hand, my wife, though familiar and interested in securities—well, she just felt she didn't want to take the loss, and I was willing to, if there were a loss, by holding them to take it, and I was willing to take over these securities and be glad to take them over.

Senator KEAN. Mr. Lamont, is it not also true that there was a certain amount of obligation on your part because these securities were securities which you were supposed to hold? For instance, this trusteeship.

Mr. LAMONT. Well, the obligation—if there were any obligation on my part, Senator Kean, it would be something intangible.

Senator KEAN. Yes.

Mr. LAMONT. In that these securities I felt I wanted to hold, because they were securities in large measure of companies which were run by personal friends of mine and my wife's.

Senator GLASS. Mr. Lamont, assuming this transaction to have been a bona fide transaction, is it something extraordinary in the world that a husband would prefer to take a loss than to have his wife endure it?

Mr. LAMONT. No, sir; I think it is pretty general. I should hope that it was, between husband and wife.

Mr. PECORA. Is it your knowledge or belief that certain transactions between husband and wife were of common occurrence, Mr. Lamont?

Mr. LAMONT. It is—no; that is not my knowledge or belief. That was not exactly the question that Senator Glass asked.

Mr. PECORA. No; I know it. It is a question that I asked.

Senator GLASS. No; I am assuming, I based my question upon the assumption, that the transaction was a bona fide transaction. Of course, if it was not a bona fide transaction, as counsel seemed to think, why, that is a different proposition.

But, assuming that it was a bona fide transaction, I do not know how counsel or other members of the committee may feel about it, but I would rather take a loss than to have my wife sustain it. And I don't think that that is an extraordinary—I hope it is not an extraordinary thing.

Mr. PECORA. You were in a position, Mr. Lamont, weren't you, on April 8, 1931, or at any time subsequent thereto, to have foregone a loss if you thought one was developing with respect to the market value of these eight blocks of securities and to have purchased those securities if you so desired at any time after April 8, 1931, and saved yourself any intervening loss?

Mr. LAMONT. I don't understand that question.

Mr. PECORA. I don't blame you for not understanding it. I have stated it rather clumsily. Put it this way—

Senator GLASS. You mean you stated it rather cleverly.

Mr. PECORA. Mr. Lamont, you have already testified, if I properly understood your testimony heretofore, that when you and your wife discussed the condition of the market with respect to these eight blocks of securities prior to April 8, 1931, both of you reached a conclusion that for her to continue to hold these securities would or might result in a loss to her from such continuation. Is that a correct understanding of your testimony on my part?

Mr. LAMONT. Yes, sir.

Mr. PECORA. Well, now, if you were correct in that conclusion, you felt that you were, wouldn't it have been good business practice for Mrs. Lamont to have sold these securities on April 8 in the market and let someone else buy them and take any loss that seemed apparent at that time to be taken?

Mr. LAMONT. Well, I don't see that it would have made much difference to Mrs. Lamont. I think, first of all, she should have thought of herself. But whether they were sold publicly or not, she preferred and I preferred, because we were both friends of these people who ran some of these companies, not—I preferred to keep them for myself as she to buy them for herself.

Mr. PECORA. If you thought on April 8, 1931, that the market value of these shares was going to continue to slide, or whatever—I think the term you used here was to “slip.”

Mr. LAMONT. Yes.

Mr. PECORA. You could have avoided taking any loss as a result of such continuous slipping of the market value of these securities by not buying them yourself on April 8, 1931, couldn't you?

Mr. DAVIS. May I suggest, Mr. Chairman, that this does not seem to me the place for hypothetical questions?

The CHAIRMAN. It looks to me like we are going into unnecessary length and detail about this matter. I think we better just confine ourselves to the gist of the matter. There is no objection to answering the question. I hope we will confine ourselves to the real gist of the matter, not to speculation.

Mr. PECORA. The only reason, Mr. Chairman, I have asked this series of questions is because it seems to me that the witness has testified that one of the reasons for his wife selling this stock to him on April 8, 1931, was because they had both reached the conclusion that securities would continue to depreciate in the market, from that date on. It seemed to me that that was somewhat of a factor. That was somewhat based upon a speculation as to what would occur in the future.

The CHAIRMAN. And as I understand, he prefers to take the risk himself.

Mr. PECORA. Now, Mr. Lamont, you have set forth in your prepared statement, on page 2 thereof, that if the tax deductions which you made in your 1930 return on account of losses you had incurred from the private sale that you made of such portions of those securities to your wife that you have testified to, had been eliminated, the result would have been an additional tax on you of \$1,440.29, and \$595.57 on your wife. A calculation has been made by an accountant for the committee and rendered to me, which would indicate that, had all those deductions been eliminated—that is, from your return for the year 1930, deductions aggregating about \$114,000 on account of those transactions—that the total additional taxes that would have been levied by reason of the elimination of that total loss, would have been about \$20,365. Now, do you want to check up on that, or have some one else do it for you? I shall be very glad to have you do it and give us the result of your computations.

Mr. LAMONT. I do not think it could possibly have been as much as that, but—

Mr. PECORA (interposing). I am not an accountant myself, and these are not my own figures, and they are just given to me, as I have stated, by an accountant for the committee. So I will be glad for you to make your own computation and give us the result.

Mr. LAMONT. All right.

Mr. PECORA. That is all that I have to ask of this witness, Mr. Chairman.

Mr. DAVIS. Now that Mr. Pecora is through with this witness, I want to offer for the sake of the record, or to put in a 2-page memorandum, which states certain legal principles, and citing authorities to support them.

1. By all the revenue acts from 1913 to 1932, individuals in determining their net taxable income have been allowed unlimited deductions from their gross incomes on account of losses actually sustained on the sale of securities or other property.

2. The fact that a sale is made for the avowed purpose of reducing the tax does not preclude the taxpayer from deducting the loss thus ascertained. It is a settled principle of law that a taxpayer is entitled to resort to any legal method available to lessen the amount of his tax liability. (*U.S. v. Isham*, 17 Wall. 496; *Bullen v. Wisconsin*, 240 U.S. 625; *Superior Oil Co. v. Mississippi*, 280 U.S. 390; *Ford v. Nauts*, 25 F. (2d) 1015; *Weeks v. Sibley*, 269 Fed. 155; *Marshall v. Commissioner*, 57 F. (2d) 633.)

As the court remarked in the last case cited, "There was nothing unlawful, or even mildly unethical, in the motive of petitioner, to avoid some portion of the burden of taxation."

3. Where, as in the State of New York, a married woman is given all the rights of contract and of property which any other person enjoys, contracts and agreements between husband and wife are legal and binding on both parties. A sale by a husband to his wife is just as legal and just as effective in establishing a loss by the sale of securities as a sale to any other person. (*R. W. Hale v. Commissioner*, 25 B.T.A. 1450, memorandum opinion printed in Prentice Hall Federal Tax Service, 1933, par. 587, p. 682; *Ladew v. Commissioner*, 22 Board of Tax Appeals, 443; *Kunau v. Commissioner*, 27 Board of Tax Appeals, —; *Mallinckrodt v. Commissioner*, 4 Board of Tax Appeals, 1112, 14 Board of Tax Appeals, 194; *Catlin v. Commissioner*, 25 Board of Tax Appeals, 854; *Foster v. Commissioner*, 22 Board of Tax Appeals, 717; *Callaway v. Commissioner*, 18 Board of Tax Appeals, 1059; and many, many other cases.)

4. In case of sales to husband and wife, relatives, friends, or business associates, the mere fact that thereafter there was a repurchase of the property by the seller, after the time limited in the statute, does not invalidate the original transaction or justify denial to the taxpayer of a deduction for the losses thereby incurred. (*Appeal of Pennsylvania Co. for Insurance, etc.*, 2 Board of Tax Appeals, 48 (June 12, 1925); *Appeal of Britt*, 2 Board of Tax Appeals, 53 (June 12, 1925); *Cole v. Helburn*, F. (2d) ((D.C.Ky.) (March 24, 1933); *Griffin v. Commissioner*, 7 Board of Tax Appeals, 1094 (Aug. 22, 1927); *Kurtz v. Commissioner*, 8 Board of Tax Appeals, 679 (Oct. 10, 1927); *Kunau v. Commissioner*, 27 Board of Tax Appeals — (Jan. 4, 1933); *Budd v. Commissioner*, 43 F. (2d) 509, reversing 12 Board of Tax Appeals, 490 (Aug. 13, 1930); *Wood Lumber Co. v. Commissioner*, 25 Board of Tax Appeals, 1013 (Mar. 28, 1932).) These well-established principles of law make it clear that the action of Mr. Thomas S. Lamont, concerning which the committee had inquired and he has testified, was fully within his rights and not subject to any justifiable criticism.

I ask to have that made a part of the record.

The CHAIRMAN. That statement may be entered on the record. I understand that Mr. Lamont takes a very creditable position in regard to the matter, that he is perfectly willing to waive any statutory limitation and to have the whole matter reexamined by the Internal Revenue Bureau if they see fit.

Mr. DAVIS. So he does, at any time.

Mr. PECORA. The only comment I have to make at this time on this prepared statement or opinion by Mr. Davis—and any legal opinion by Mr. Davis is always entitled to respect, of course, and any member of the legal profession knows that, and is willing to accord that respect to his judgments and opinions on questions of law—but the only comment I have to make at this time is this:

That the real question involved is always one of the bona fides of the transaction, not the mere form.

The CHAIRMAN. Now, Mr. Lamont is excused.

(Thereupon the witness was excused.)

The CHAIRMAN. Who is your next witness, Mr. Pecora?

Mr. PECORA. Mr. Ewing.

The CHAIRMAN. Is Mr. Ewing present?

Mr. EWING. Yes, sir.

The CHAIRMAN. You will please stand, hold up your right hand, and be sworn. You solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, regarding the matters now under investigation by the committee. So help you God.

Mr. EWING. I do.

**TESTIMONY OF WILLIAM EWING, MOUNT KISCO, N.Y., A MEMBER
OF THE FIRM OF J. P. MORGAN & CO.**

Mr. PECORA. Mr. Ewing, will you kindly give the committee reporter your full name and address?

Mr. EWING. William Ewing, Broad Brook Road, Mount Kisco, N.Y. That is my residence.

Mr. PECORA. Are you a member of the firm of J. P. Morgan & Co.?

Mr. EWING. I am.

Mr. PECORA. How long have you been a member of that firm?

Mr. EWING. Since December 31, 1926.

Mr. PECORA. And you have been continuously a member thereof from that date until the present time?

Mr. EWING. Yes, sir.

Mr. PECORA. Now, do you recall whether or not in the year 1928 you created some trusts for the benefit of children of yours?

Mr. EWING. No; I did not in that year.

Mr. PECORA. When did you create such trusts?

Mr. EWING. I did not create any trusts, Mr. Pecora. Mrs. Ewing created the trusts.

Mr. PECORA. Mrs. Ewing, your wife, created such trusts?

Mr. EWING. Yes, sir.

Mr. PECORA. When?

Mr. EWING. The first two trusts were created in 1925 and the second two trusts in 1926.

Mr. PECORA. Who was named as the trustee in each of those trusts?

Mr. EWING. I was named as trustee.

Mr. PECORA. And you accepted the trust in each case?

Mr. EWING. I did.

Mr. PECORA. And have acted as such trustee in each of those instances ever since?

Mr. EWING. I have.

Mr. PECORA. Those trusts are still in existence?

Mr. EWING. Those trusts are still in existence.

Mr. PECORA. Was there a formal or written indenture of trust by which those four trusts were created, Mr. Ewing?

Mr. EWING. There was, Mr. Pecora.

Mr. PECORA. Have you copies of them?

Mr. EWING. I think I can supply copies.

Mr. PECORA. All right.

Mr. EWING (after conferring). This is the trust for William Ewing, Jr., and they are all substantially the same.

Mr. PECORA. Thank you. This is a photostatic copy of an indenture of trust creating a trust estate for the benefit of William Ewing, Jr.

Mr. EWING. That is correct.

Mr. PECORA. And this is a true and correct copy of the original trust instrument?

Mr. EWING. To the best of my belief it is.

Mr. PECORA. I offer it in evidence and ask that it may be spread on the record of our hearings.

The CHAIRMAN. It may be admitted and will be spread on the record.

(The indenture of trust dated November 17, 1925, was ordered spread on the record and marked "Committee Exhibit No. 48, June 9, 1933", and is as follows:)

This indenture made the 17th day of November 1925 between Maria T. Ewing, residing at 1111 Park Avenue, city, county, and State of New York, party of the first part, and William Ewing, resident at 1111 Park Avenue, city county, and State of New York, hereinafter called the "Trustee", party of the second part, witnesseth:

That in consideration of the mutual covenants herein contained and of the sum of \$1 to her in hand paid by the trustee at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, the party of the first part has transferred, assigned, and set over, and by these presents does transfer, assign, and set over, unto said trustee, his successors and assigns, the sum of \$1,000.

To have and to hold said property unto said trustee, his successors and assigns, in trust, nevertheless, for and upon the following uses and purposes:

First. To hold, manage, sell, invest, and reinvest the same as hereinafter specified, and to collect and receive the interest, income, and profits thereof (hereinafter called "Income"), and after deducting proper expenses in the administration of the trust, to pay the same from time to time unto William Ewing, Jr., son of the party of the first part, for and during the term of his natural life.

Upon the death of said William Ewing, Jr., to assign, transfer, and pay over the principal and accumulations, if any, of said trust fund to the children and the issue of deceased children of William Ewing, Jr., the issue of deceased children taking per stirpes and not per capita. If there be no children or issue of deceased children then to assign, transfer, and pay over the principal and accumulations, if any, to Maria T. Ewing, the party of the first part, for her own use absolutely and forever.

If at any time during the life of the said William Ewing, Jr., the party of the second part, shall in his sole discretion deem it advisable to pay over all or any part of the principal of the trust herein created then full right and authority so to do is hereby granted and thereupon the trust herein created shall cease and determine.

In case said Maria T. Ewing shall not be living at the termination of the trust, as aforesaid, to assign, transfer, and pay over the principal of said trust fund, in equal shares, to the children and the issue of deceased children of the party of the first part then living, the issue of deceased children taking per stirpes and not per capita.

Second. The trustee is authorized to invest and reinvest any cash herein transferred to the trustee in such stocks, bonds, or other securities as in the discretion of the trustee may be deemed safe and for the best interests of the trust estate, although such securities are not of the character permissible for legal trust investments.

The trustee is authorized to borrow money for this trust for investment or for any other purpose.

The trustee shall have full power to make, execute, and deliver good and sufficient deeds, transfers, assignments, and other instruments necessary and proper in the premises.

No purchaser upon any sale by the trustee shall be bound to see to the application of the purchase money arising therefrom, or to inquire into the validity, expediency, or propriety of any such sale.

Third. In case of securities purchased for the trust fund at a premium, the trustee shall not be required to set aside any part of the income as a sinking fund to retire or absorb such premium, or to make any other provisions for possible appreciation or depreciation in the value of the securities constituting the trust fund by reason of the approaching maturity of said securities or otherwise.

Fourth. The trustee is authorized to pay out of income all taxes which are properly payable on the trust property, or on any transfer thereof or transaction affecting the same, and to affix and cancel tax stamps as required by law.

Fifth. The trustee by joining in the execution of this instrument signifies his acceptance of the trust.

Sixth. The trustee may resign his duties under this indenture, and in the case of such resignation the party of the second part is hereby solely granted the right to name and appoint the substituted trustee. In case of the death of the trustee the party of the first part reserves the right to name and appoint a successor trustee. The appointment of such substituted or successor trustee shall be evidenced by an instrument in writing executed and acknowledged or proved in the manner required for a deed of real estate (so as to enable such deed to be recorded in the State of New York).

Seventh. It is mutually agreed that those presents shall extend to and be obligatory upon the executors, administrators, legal representatives, and successors, respectively, of the parties hereto.

In witness whereof, the parties hereunto have set their hands and seals, as of the day and year first above written.

[SEAL]
[SEAL]

MARIA TAYLOR EWING.
WILLIAM EWING.

STATE OF NEW YORK,

County of New York, ss:

On this 17th day of November 1925, before me personally came Maria T. Ewing, to me known and known to be the individual described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed the same.

[SEAL]

ARCHER M. VANDERVORT, *Notary Public*.

Commission expires March 30, 1927.

STATE OF NEW YORK,

County of New York, ss:

On this 17th day of November 1925, before me personally came William Ewing, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

[SEAL]

THOS. W. JOYCE, *Notary Public*.

Mr. PECORA. The date of this instrument is November 17, 1925, made by and between Maria T. Ewing, party of the first part, and William Ewing, called the trustee, party of the second part. The Maria T. Ewing mentioned in this indenture is your wife?

Mr. EWING. She is.

Mr. PECORA. And the William Ewing referred to therein and called the trustee, is you?

Mr. EWING. That is me.

Mr. PECORA. Now, I notice in this trust agreement that the corpus of the trust estate, the body of it, is the sum of \$1,000.

Mr. EWING. That was when it was started.

Mr. PECORA. When the other three trusts were created by your wife, was each of them also started with \$1,000?

Mr. EWING. That is correct.

Mr. PECORA. Now, what were the names, if you please, of the three other beneficiaries of the other three trust estates, respectively?

Mr. EWING. William Ewing, Jr., is the first one.

Mr. PECORA. Yes.

Mr. EWING. And Jane Ewing, and Jessie Valle Ewing.

Mr. PECORA. Is it J-e-s-s-i-e or J-e-s-s-e?

Mr. EWING. It is J-e-s-s-i-e, and Grace Valle Ewing, and that is V-a-l-l-e.

Mr. PECORA. Now, as trustee of those four trust estates, did you in the year 1928 sell any securities for the account of such trust estates or any of them respectively?

Mr. EWING. I did, Mr. Pecora.

Mr. PECORA. Did you make any such sales in 1928?

Mr. EWING. Yes; I have bought and sold securities in substantial amounts for these trusts since they were formed.

Mr. PECORA. Have trust accounts been prepared by you for each and every year since the creation of those trusts? I mean trust accounts or reports prepared by you for each and every year since the creation of those trusts.

Mr. EWING. If I understand your question, sir, when those trusts were formed they were separate accounts.

Mr. PECORA. Yes.

Mr. EWING (continuing). And set up on the books of J. P. Morgan & Co. for each trust, separate and specific accounts.

Mr. PECORA. Have you as trustee made an annual accounting of those trusts since the creation of them?

Mr. EWING. An annual accounting to whom?

Mr. PECORA. To anybody.

Mr. EWING. I have not to my children, and they are the only people that are interested.

Mr. PECORA. Then the answer would be that you have not?

Mr. EWING. Yes, sir.

Mr. PECORA. During the year 1928 did you as the trustee for each of those four trust estates sell any shares of the capital stock of the Johns-Manville Co.?

Mr. EWING. I did, sir.

Mr. PECORA. What was the aggregate amount of the sales that you made in that year as trustee for these trust estates of that security?

Mr. EWING. I sold an aggregate amount of 4,350 shares, equally divided among the four trusts.

Mr. PECORA. What was the total purchase price, or rather what was the selling price of those 4,350 shares of Johns-Manville stock that you sold for the account of those four trusts in 1928?

Mr. EWING. I made my first sale I think in August, and I sold at various times until December of 1928. I started selling at 127, and I reached a price of the last sale that I made of $200\frac{3}{4}$. That is, $200\frac{3}{4}$ of 1 percent.

Mr. PECORA. Two hundred and what?

Mr. EWING. And three quarters of 1 percent.

Mr. PECORA. Then that would be a price of $200\frac{3}{4}$?

Mr. EWING. $2-0-0-\frac{3}{4}$.

Mr. PECORA. At the time you made those sales did the trust estates, or did you as trustee, have in your possession the shares of Johns-Manville Co. stock which you sold?

Mr. EWING. I did not have all of the stock; no.

Mr. PECORA. To the extent that you did not have any of the shares involved in those sales, were they known as short sales?

Mr. EWING. No; that answer was not correct, Mr. Pecora. Those sales were all short sales.

Mr. PECORA. They were all short sales.

Mr. EWING. They were all short sales, made by me as trustee for the four accounts, as short sales on the New York Stock Exchange through brokers in the usual manner that short sales are made. And the details were carried out in every respect in the manner of a short sale.

Mr. PECORA. Now, just for the sake of the record will you give the mechanics of the making of a short sale?

Mr. EWING. Well—in this connection, do you mean?

Mr. PECORA. Yes; you may do it in connection with this or any sales.

Mr. EWING. Well, a short sale is sold on the exchange and the stock is borrowed by the seller, and——

Mr. PECORA (interposing). That is borrowed in order to enable the seller to make delivery?

Mr. EWING. In order to make delivery of the short sale.

The CHAIRMAN. Did you suffer any loss by reason of those sales?

Mr. EWING. Those were short sales, sir.

Mr. PECORA. Senator Fletcher asked if you suffered any loss by reason of those sales.

Mr. EWING. I did not sell them. Those were short sales made for the account of these four trusts.

The CHAIRMAN. You spoke about selling stock during that year amounting to 4,350 shares.

Mr. EWING. Those were short sales, those sales were.

Mr. PECORA (interposing). That is, in order——

Mr. EWING (continuing). They did not own the stock.

Mr. PECORA. That is, at the time of the making of those so-called "short sales" you, as the trustee making the sale, did not have the stock that you sold short?

Mr. EWING. I did not. I was acting as trustee for the trust estates, and they did not have the stock.

Mr. PECORA. As such trustee, acting in your representative capacity, you made these so-called "short sales"?

Mr. EWING. Correct.

Mr. PECORA. And that meant that you as trustee did not have the stock that you sold short?

Mr. EWING. That is right.

Mr. PECORA. So that it became necessary for you as trustee to obtain that stock by some process in order to deliver it to the person or persons to whom the sales were made?

Mr. EWING. That is correct.

Mr. PECORA. Did you as trustee make delivery of those 4,350 shares of stock which you had sold short?

Mr. EWING. I did, Mr. Pecora.

Mr. PECORA. How were you enabled to make delivery of the stock that you sold short if you did not have it?

Mr. EWING. I borrowed 1,800 shares from Mrs. Ewing——

Mr. PECORA (interposing). That is, your wife?

Mr. EWING. My wife. And I borrowed 2,550 shares from myself individually, out of my own stock.

Mr. PECORA. You borrowed 2,850—or what was it?

Mr. EWING. Two thousand five hundred and fifty shares from myself, individually.

Mr. PECORA. What was the aggregate selling price for which you as trustee sold for the account of those four trusts those 4,350 shares of Johns Manville Co. stock?

Mr. EWING. For \$652,000 or \$654,000.

Mr. PECORA. Did you say \$654,000?

Mr. EWING. Yes; \$654,000.

Mr. PECORA. Is that the approximate figure, Mr. Ewing?

Mr. EWING. I think it was 650-odd thousand dollars. Let me see. It was \$654,476, that is the exact amount.

Mr. PECORA. The figure is \$654,476?

Mr. EWING. Yes.

Mr. PECORA. And was there deposited with you and with Mrs. Ewing sums aggregating the \$654,476 when you and Mrs. Ewing loaned those shares to you as trustee for those four trust estates?

Mr. EWING. Mr. Pecora, in the practice of short sales it is customary that the person lending the stock receives as security for the return of that stock the proceeds from the sale of it.

Mr. PECORA. Yes. Now, you as trustee for those four estates received from the purchasers to whom as such trustee you sold those 4,350 shares, the aggregate sum of \$654,476.

Mr. EWING. That is correct.

Mr. PECORA. And did you as such trustee—

Mr. EWING (interposing). I will make one correction there: Myself and my wife.

Mr. PECORA. No; you received them as trustee, this purchase price as trustee.

Mr. EWING. That is correct.

Mr. PECORA. And then did you as trustee turn over in proper proportions to yourself and your wife individually, this aggregate sum of \$654,476?

Mr. EWING. I did; yes, sir.

Mr. PECORA. And why was that done?

Mr. EWING. That was turned over, as I have said, in accordance with the practice of short sales, to secure the stock loaned to the trusts, for the return of that stock, as security for its return on demand.

Mr. PECORA. And that is the usual practice in the making of short sales?

Mr. EWING. That is the usual practice.

Mr. PECORA. That is, the person selling short borrows the stock from someone else and turns over to the lender of the stock the purchase price or the consideration that the seller has received upon the short sale?

Mr. EWING. To be held as security for that stock.

Mr. PECORA. And it is held as security until the short seller turns back to the lender of the stock the stock which he has borrowed?

Mr. EWING. That is correct.

Mr. PECORA. Now, what was the cost price to you and your wife of the 4,350 shares that both of you, in different amounts, loaned to yourself as trustee of those four trust estates?

Mr. EWING. I do not know what that was, Mr. Pecora. I did not check that.

Mr. PECORA. What was that answer?

Mr. EWING. I do not know what that was, what that cost to myself or to my wife was. I mean that I just haven't the records here of that. That was bought—well, I do not even know in what year it was bought. It was stock that we owned.

Mr. PECORA. Yes.

Mr. EWING. I do not remember and cannot recollect what I paid for it at the time I bought it.

Mr. PECORA. Well, as I understand, you personally or you individually, let us put it that way, were the owner at the time of the making of those short sales by you as trustee?

Mr. EWING. That is correct.

Mr. PECORA. Of 2,550 shares of this Johns-Manville Co. stock?

Mr. EWING. Yes, sir.

Mr. PECORA. And that your wife individually was the owner of 1,800 shares thereof?

Mr. EWING. That is correct.

Mr. PECORA. And both of you, of course, had purchased that stock for your own respective individual accounts some time prior to the making of those short sales by you as trustee?

Mr. EWING. That is correct.

Mr. PECORA. Now, you haven't got the data here which would indicate the price paid by you for the 2,550 shares?

Mr. EWING. No; I haven't that.

Mr. PECORA. Nor the price paid by your wife for the 1,800 shares?

Mr. EWING. No; I haven't got that.

Mr. PECORA. Isn't that information available to you?

Mr. EWING. I can get it.

Mr. PECORA. How long would it take you to get it?

Mr. EWING (after conferring). Mr. Pecora, subject to checking it, the cost as I understand was $47\frac{1}{2}$.

Mr. PECORA. That is, the cost to you and to Mrs. Ewing was $47\frac{1}{2}$?

Mr. EWING. Yes, sir. And I think that is correct.

The CHAIRMAN. What was the history of the stock after you sold it?

Mr. EWING. It kept on going up. It went up to—in fact it went up over 240, it went to that and it may have gone much higher. It went to 243, I understand. I remembered the figure of 240.

Mr. PECORA. Now, the 4,350 shares of $47\frac{1}{2}$ per share would make a total cost of those shares to you and Mrs. Ewing, according to my calculation, of \$206,625.

Mr. EWING. Subject to correction I will say yes.

Mr. PECORA. And so at the time they were sold by you as trustee for those four estates, that you sold this aggregate of 4,350 shares of this Johns-Manville Co. stock short, they were sold for a consideration or a purchase price or a selling price of \$654,476, which, according to my calculation, was \$447,851 more than the cost price of those shares to you and your wife individually.

Mr. EWING. I accept that.

The CHAIRMAN. Do you call that a profit?

Mr. EWING. No, sir; there was not any sale there by me.

Mr. PECORA. You say there was not any sale of these shares by you?

Mr. EWING. Individually.

Mr. PECORA. Simply a loaning of those shares to you as trustee?

Mr. EWING. That is correct.

Mr. PECORA. To enable you to proceed to deliver the shares that you had sold short for the benefit and account of the four trusts, is that right?

Mr. EWING. Yes.

Mr. PECORA. If it had been a sale made by you and your wife outright it would have resulted in this profit of some \$447,000?

Mr. EWING. That is a hypothetical question.

Mr. PECORA. Well, as a hypothetical question that would be correct?

Mr. EWING. As a hypothetical question; yes, sir.

Mr. PECORA. Now do you as trustee for these four trust estates still owe to you and your wife individually these 4,350 shares of Johns-Manville Co. stock?

Mr. EWING. Do the trusts still owe those?

Mr. PECORA. Yes.

Mr. EWING. Not all of them; no.

Mr. PECORA. Have they returned any of that stock to you?

Mr. EWING. They have, sir.

Mr. PECORA. And to your wife?

Mr. EWING. And to my wife.

Mr. PECORA. When were the returns of the stock made either to you or to your wife individually by you as trustee?

Mr. EWING. In October and November of 1929 I as trustee for the four trusts purchased on the New York Stock Exchange 500 shares of Johns-Manville stock at \$125 to \$120 a share.

Mr. PECORA. At \$125 per share?

Mr. EWING. At \$125 to \$120 a share. At varying prices. That stock was returned to me as the lender by the trusts, and in return I returned to the trusts the funds I was holding as security for that stock.

Mr. PECORA. What amount did you actually return?

Mr. EWING. May I go on, because I covered some more?

Mr. PECORA. All right.

Mr. EWING. In May, the 11th and 12th, 1931, I bought 500 additional shares of Johns-Manville.

Mr. PECORA. As trustee?

Mr. EWING. As trustee. At 47½.

Mr. PECORA. At 47½?

Mr. EWING. Yes, sir. And that was returned to me individually against the stock I had loaned the four trusts. And the total sum of money of the two covering purchases for the trusts of these 1,000 shares amounted to \$126,000 and odd—\$126,872.50. That was returned by the trusts to me, I mean that was returned by me to the trusts, and the trusts returned me the thousand shares of Johns-Manville stock that I had lent them. There was a profit on that transaction when that was covered of \$44,634.51.

Mr. PECORA. A profit to whom?

Mr. EWING. To the trusts.

Mr. PECORA. Of how much?

Mr. EWING. \$44,634.51.

Mr. PECORA. Did you as trustee make any other coverings on account of these short sales aggregating 4,350 shares?

Mr. EWING. No, sir; I did not. That left the trusts short, as I figured, 3,350 shares of Johns-Manville stock in these transactions.

Mr. PECORA. Was there any reason why you as trustee for these four trust estates have not covered the remainder of these short sales?

Mr. EWING. Yes; there is. Well, there are various reasons. I think the two principal reasons are the taxes and the market. Both I——

Mr. PECORA. What taxes do you mean?

Mr. EWING. That if the trusts covered, the tax they would have to pay certainly comes into that consideration as trustee for the trusts.

Mr. PECORA. That is, income tax, do you mean?

Mr. EWING. Income tax; yes.

Mr. PECORA. They could have been covered at any time since the last covering in May 1931, at a very considerable profit to the trust estates?

Mr. EWING. They could have been; yes, sir. And they still can be.

Mr. PECORA. And still can be?

Mr. EWING. Yes.

Mr. PECORA. You, as trustee, sold these 4,350 shares short for prices ranging, as I understood you to say, from \$127 to two hundred and three fourths dollars?

Mr. EWING. That is correct.

Mr. PECORA. Now what has been the low price in the market for that stock since that time?

Mr. EWING. I think it sold as low as \$11 a share.

Mr. PECORA. \$11 a share?

Mr. EWING. Yes.

Mr. PECORA. What is the quotation at about the present time? I do not mean today, but as closely as you can give it to us at the present time.

Mr. EWING. 39 or 40.

Mr. PECORA. And you as trustee have been free to cover these short sales at any time at a very large resultant profit to the trust estates, is that right?

Mr. EWING. At any time since 1928 when they were sold.

Mr. PECORA. Yes.

Mr. EWING. I could have covered those at a profit—not at any time since they were sold, because I had a considerable loss—I want to correct that—first for the trusts.

Mr. PECORA. I mean at any time since 1931—I said at any time since May 1931, the last covering?

Mr. EWING. Well, I could have covered them at any time since the break in 1929 at a profit. But it was——

Mr. PECORA. Now did you as trustee for these four trust estates actually receive from the purchases of these 4,350 shares the purchase price of \$654,476?

Mr. EWING. I received a part of it and Mrs. Ewing received the other part.

Mr. PECORA. No; did you as trustee receive the purchase price of those short sales on the occasion of the making of those short sales?

Mr. EWING. I, as trustee, received for those four trusts the purchase price from the sale of that stock.

Mr. PECORA. From whom?

Mr. EWING. From the brokers to whom they were sold.

Mr. PECORA. Who were they?

Mr. EWING. I sold them through the firm—our stock department, J. P. Morgan & Co.

Mr. PECORA. Who were the brokers?

Mr. EWING. They were given out—I do not know. They were given out as all our stock orders are given out.

Mr. PECORA. Well, now, these trust estates were not part of the assets of J. P. Morgan & Co., were they?

Mr. EWING. Certainly not.

Mr. PECORA. J. P. Morgan & Co. had nothing to do with them, did they?

Mr. EWING. They had nothing to do with those trust estates.

Mr. PECORA. Did you as trustee actually receive the price for which those shares were sold short by you?

Mr. EWING. I as trustee actually received the price at which those stocks were sold short; yes, sir.

Mr. PECORA. And what did you do with that money?

Mr. EWING. I, as trustee, as I think I stated before, Mr. Pecora—I as trustee placed that money as security that myself and my wife—as security against the loan of stock to the four trusts, and those funds were credited on the books of J. P. Morgan & Co. to my personal account, and they were credited on the books of J. P. Morgan & Co. to Mrs. Ewing.

Mr. PECORA. Have you paid interest to the trust estates?

Mr. EWING. I have, sir.

Mr. PECORA. On those sums?

Mr. EWING. Yes, sir.

Mr. PECORA. By checks or by transfer of funds on books?

Mr. EWING. I have paid interest regularly to those trusts—myself and Mrs. Ewing, both of us—by a debit from my account and a credit, and a debit from her account and a credit, on the accounts of the four trusts separately.

Mr. PECORA. In what manner? By check?

Mr. EWING. No.

Mr. PECORA. How?

Mr. EWING. By debit and credit on the books of J. P. Morgan & Co.

Mr. PECORA. That is, through the medium of book entries?

Mr. EWING. Well, the same as all my payments are made, sir. All purchase of stock, sale of stock, and the purchase of anything of that kind I do not pay checks for. Credited or debited to my account with J. P. Morgan & Co.

Mr. PECORA. By this process of selling short by or for the account of these trust estates haven't you and Mrs. Ewing virtually enjoyed all the benefits of outright sales of those stocks which you loaned

to the trust estates in order to enable you as trustee to make delivery on these short sales?

Mr. EWING. All I can say in answer to that, Mr. Pecora, is that this transaction was carried out as the regular short sales are done. The only difference in this transaction from any short sale that was made—it may not even be a difference—is that the stock was borrowed from me and Mrs. Ewing.

Mr. PECORA. I did not get the last part of your answer.

Mr. EWING. From me and Mrs. Ewing.

Mr. PECORA. Where are the stock certificates now for the sales that have not yet been covered? Do you still hold the stock?

Mr. EWING. No; it is loaned to the trusts. And the trusts delivered it against the actual sales on the exchange.

Mr. PECORA. You have in lieu of those stock certificates the cash?

Mr. EWING. Correct, sir.

Mr. PECORA. On deposit?

Mr. EWING. As security for their return.

Mr. PECORA. You were free to go out in the market and cover those short sales at any time as trustee and return the stock to yourself and Mrs. Ewing in your individual capacities?

Mr. EWING. That is correct, sir. And I am free to demand the return of that stock individually, and Mrs. Ewing is too.

Mr. PECORA. Can you tell me as a partner of J. P. Morgan & Co. if that firm has any settled or fixed policy with respect to the making of short sales?

Mr. EWING. Yes, I can. The partners are not supposed to sell stocks short.

Mr. PECORA. Is that the policy of the firm, Mr. Ewing?

Mr. EWING. That is the policy of the firm, I think.

Mr. PECORA. Now, you would not say, would you, that you departed from that policy when you——

Mr. EWING. I would not, sir.

Mr. PECORA (continuing). When you as trustee of the trust estates created by your wife sold 4,350 shares of Johns-Manville short?

Mr. EWING. No, sir. I did not——

Mr. PECORA (continuing). And loaned your own shares—you and Mrs. Ewing loaned your own shares to you as trustee to make delivery? That was not a departure from that policy, was it?

Mr. EWING. No, sir. Those short sales were made for the account of the trusts.

The CHAIRMAN. When do you contemplate covering this? Making settlement? Do you think it may go on forever?

Mr. EWING. No. Senator Fletcher, let me explain a little bit. I wish I could tell what markets are going to do, but I cannot foresee. When I made these sales, I think it is frank to say, for these four trusts, I thought I would cover within a reasonable time and make a profit for those trusts. I, in fact, started to cover, as I have stated here—I covered first 500 shares at a small profit. I think that was about \$1,800. And then I covered 500 more when it got down to \$47.50. Then I became—at least my judgment was that I had better not cover any more; that it would go lower. I happened to be right that time. But that was my good fortune.

The CHAIRMAN. Then you sold short?

Mr. EWING. What is that?

Mr. PECORA. He sold short originally.

Mr. EWING. No; originally I sold short.

The CHAIRMAN. Yes.

Mr. EWING. But I could not foresee this terrific panic for 3 years. A break in the market for 3 years. I wish I had been able to, but I could not. And this thing went on and kept going lower and lower. And as trustee for these trusts I felt it was my duty to exercise my best judgment in the repurchase. I probably won't get them back at the lowest point, either.

Mr. PECORA. Now when did the Johns-Manville Co. stock reach the low of 11?

Mr. EWING. Well, it must have been in '32 some time.

Mr. PECORA. Some time in 1932?

Mr. EWING. Yes, sir.

Mr. PECORA. And when it reached—

Mr. EWING. Mr. Whitney advises me that he thinks it was March this year.

Mr. PECORA. Did you think, then, in March of this year that it would go still lower?

Mr. EWING. That was my feeling; yes. I was scared to death.

Mr. PECORA. Now, if you had covered at 11 last March these trust estates would have reaped a very large profit, wouldn't they?

Mr. EWING. They would have, Mr. Pecora. But I do not think, up to the present time, the trust estates have any kick coming.

Mr. PECORA. I know that. But they will have if you do not cover it—

Mr. EWING. Very soon.

Mr. PECORA (continuing). Before this market goes still higher, won't they?

Mr. EWING. They will have if I do not exercise proper care and in my best judgment do what I think best for them. Certainly.

Mr. PECORA. Well, you have noticed a decided upward trend in market values since March of this year?

Mr. EWING. Have seen it for the last—a good deal of the time I was down here I noticed it in the papers.

Mr. PECORA. And in the last 3 months that trend has been steadily upward?

Mr. EWING. Not steady—

Mr. PECORA. Well—

Mr. EWING. Fairly steady. It has been up and down.

Mr. PECORA. Yes. And the extent of it in Johns-Manville Co. stock represented by the difference between 11 and the present market of around 39 or 40. And you still have not covered it?

Mr. EWING. I did not catch that.

Mr. PECORA. And you still have not covered it?

Mr. EWING. I have not covered that balance.

Mr. PECORA. Did you not think that it was your duty as trustee to cover the balance or these short sales when the market went as low as 11?

Mr. EWING. I did not; or I would have done it, Mr. Pecora. Mr. Whitney just corrected me. The low point was $12\frac{1}{4}$.

Mr. PECORA. Do you not think that if you had taken the big profit that would have resulted from covering at $12\frac{1}{4}$ that you would have

been discharging very handsomely your full duty as trustee of these trust estates?

Mr. EWING. Mr. Pecora, at any time after the panic, after the break in 1929, you could have said the same thing about that. But I did not know. My best judgment of it——

Mr. PECORA. Does anybody know?

Mr. EWING. No. My best judgment was not to do it.

Mr. PECORA. The best judgment generally is to cover a short sale whenever you can make a handsome profit, is it not?

Mr. EWING. It would not have been in this case.

Mr. PECORA. Why not?

Mr. EWING. Because I could have made a handsome profit in 1929 and it would not have been probably one third as handsome as it is today.

Mr. PECORA. But when it reached 11½ in March of this year, was not the profit handsome enough to attract you as trustee?

Mr. DAVIS. Mr. Chairman, you are now beyond hypothesis.

The CHAIRMAN. Well, Mr. Ewing is rather an expert. His opinion may be valuable.

Mr. EWING. I just did not think so. Maybe I was wrong, and it looks now as if I might be, Mr. Pecora.

Mr. PECORA. Were you waiting to get the bottom eighth?

Mr. EWING. No.

Mr. PECORA. To cover at the bottom eighth?

Mr. EWING. No.

Mr. PECORA. You know nobody can do that definitely——

Mr. EWING. No; I have never seen anyone that could.

Mr. PECORA. You have never seen anyone that could do that definitely and with assurance, have you?

Mr. EWING. No. That is what I tried to say.

Mr. PECORA. Now, were any of your partners members of the board of directors of Johns-Manville Co. when you as trustee sold its stock short in 1928?

Mr. EWING. I think they were.

Mr. PECORA. Which of them?

Mr. EWING. I think Mr. Whitney and Mr. Bartow were directors. I think that is correct. I will have to check that date.

Mr. PECORA. Now, when you sold as trustee these shares short in 1928 you did it upon your judgment that the short sale could profitably be made for the estates, did you not?

Mr. EWING. I did, sir.

Mr. PECORA. And did you for the purpose of reaching that judgment, formulating that judgment, discuss Johns-Manville Co. stock with such of your partners as were directors of that company?

Mr. EWING. Most of the companies that we were interested in at times were discussed as to their affairs. But I can say this, Mr. Pecora: They knew nothing about these short sales of the trusts.

Mr. PECORA. No, but you reached the conclusion as trustee that it would be profitable for the trusts to sell Johns-Manville Co. stock short in 1928, did you not?

Mr. EWING. I did, sir.

Mr. PECORA. And acting upon that judgment you made these short sales as such trustee?

Mr. EWING. I did.

Mr. PECORA. Now, in reaching that judgment that it would be profitable to sell that stock short, did you obtain any information from such of your partners as were directors of the Johns-Manville Co. that helped you reach that judgment?

Mr. EWING. No, sir. That was entirely an independent judgment on my part.

The CHAIRMAN. The effect of short sales was to depress the market, was it not? Is that not the general effect?

Mr. EWING. But this one did not, Senator Fletcher, because the market kept on going up very much. I did not sell it at the top at all. I sustained for those trusts a very substantial loss at one time.

The CHAIRMAN. But the general effect of short sales, if they amount to a considerable quantity, the general effect is to depress the market, is it not? The general effect of short sales?

Mr. EWING. It depends entirely on the market, Senator Fletcher. Sometimes it does not, and sometimes it does.

Mr. PECORA. Now, you said a moment ago that at one time you took a substantial loss as trustee. What did you mean by that?

Mr. EWING. I said I had on paper a substantial loss.

Mr. PECORA. On paper. That means there was a time after you made these short sales when the stock of Johns-Manville went up?

Mr. EWING. Exactly.

Mr. PECORA. Went up in the market from the prices at which you sold short?

Mr. EWING. That is correct.

Mr. PECORA. But that was only for a short period of time, was it not?

Mr. EWING. No; it was quite a period.

Mr. PECORA. And of course you did not cover at that time, did you?

Mr. EWING. No; I did not.

Mr. PECORA. No. And you would not have covered because you and your wife were the ones that were in control of the situation, because you and your wife were the ones who had loaned the stock to yourself as trustee, isn't that so?

Mr. EWING. Mr. Pecora, I still believed I was right, although the market was going against me.

Mr. PECORA. You believed you were right in what respect?

Mr. EWING. That the stock was high at that time and I would be able to cover at some future time at a profit for the trusts.

Mr. PECORA. Now when you made these short sales it was firmly your purpose as trustee to realize a profit for the trust estates, was it not?

Mr. EWING. It was, sir.

Mr. PECORA. And you knew at that time that some of your partners were members of the board of directors of the Johns-Manville Co., did you not?

Mr. EWING. I did, sir.

Mr. PECORA. Did you deliberately abstain from discussing with those partners the probable course of value of that stock in the market?

Mr. EWING. No; I did not, because it was all available. They make very complete statements of their condition, their earnings, are

made public. And I had all those figures and could judge for myself.

Mr. PECORA. Did you have any reason for not even discussing them with those of your partners who were directors?

Mr. EWING. I had none at all.

Mr. PECORA. You just simply did not discuss them.

Mr. EWING. I may have said something—I may have talked to them about Johns-Manville at any time, or any other company, but not in connection with making this short sale for the trusts.

Mr. PECORA. Now, Senator Fletcher asked you a few moments ago if short sales do not, generally speaking, operate to depress the market value of the security. What is your answer to that?

Mr. EWING. Well—

Mr. PECORA. The answer you made to Senator Fletcher, as I recall it, was that it depends on the market.

Mr. EWING. I think it depends largely on the market, Senator Fletcher.

Mr. PECORA. Well, can you not answer that as an abstract proposition? That is, what is generally the effect of the making of short sales on the market values of the securities that are sold short?

Mr. EWING. Well, I do not think that can be answered abstractly. I really do not know, Mr. Pecora. I would if I could. Because conditions—they all have such a tremendous amount to do with this—conditions at the time. I could not make an abstract statement on that.

Mr. PECORA. Well, is it not the general opinion that the making of short sales generally operates to depress the market value?

Mr. EWING. That might well be.

Mr. PECORA. Don't you know that that is the general opinion, if it be not your own?

Mr. EWING. Well, what do you mean? Of the public at large, or the dealers down town, or the bankers, or who?

Mr. PECORA. Oh, the general opinion of persons who are market wise.

Mr. EWING. I think if you take 120,000,000 people in the country, yes.

Mr. PECORA. No; I am not referring to 120,000,000 people in this country when I am referring to the general opinion, Mr. Ewing. You know that. Talking about the general opinion of the persons who are market wise.

Mr. EWING. Well, I never saw anybody market wise, Mr. Pecora. [Laughter.] I have heard them talk about it, but I never saw them.

Mr. PECORA. Was there any reason why the number of shares that you as trustee sold short for these trust estates corresponded exactly to the number of shares that you and Mrs. Ewing owned in your individual right?

Mr. EWING. Yes, I think so.

Mr. PECORA. What was it?

Mr. EWING. I was able to protect those short sales. And Mrs. Ewing—I felt she would also. I frankly would not have sold those short sales, I do not think, if I had not been in the position to protect the trusts against loss. I feel a real responsibility towards the trusts. I ought to.

Mr. PECORA. Now the making of a short sale is a speculative transaction, is it not? A short sale is a pure speculation, is it not?

Mr. EWING. It is considered so, generally.

Mr. PECORA. Considered so by you too?

Mr. EWING. Yes, I think it is.

Mr. PECORA. Did you think then that you as trustee were doing your full duty to the trust estates by indulging in speculative transactions?

Mr. EWING. I did in this case, sir.

Mr. PECORA. Only in this case?

Mr. EWING. Well, these trusts—I have full power——

Mr. PECORA. I know you have full power.

Mr. EWING (continuing). To buy and sell and borrow money for them.

Mr. PECORA. But the fact that you had full power did not in any way militate against the exercise by you of the soundest possible judgment for the benefit of the trust estates, did it?

Mr. EWING. I think I exercised it.

Mr. PECORA. Did you think that as trustee it was right for you to go into speculative stock market transactions in behalf of the trusts?

Mr. EWING. I felt it was right for me to make those short sales under those conditions.

Mr. PECORA. What were the conditions that you referred to?

Mr. EWING. The ones that I have outlined, of how those were made, and other details.

Mr. PECORA. Now Mr. Ewing, is it amiss to say that the procedure followed by you in connection with these short sales and the way in which they have been covered, and the way in which they have not been covered with respect to the major portion thereof is nothing but an artifice to avoid payment of an income tax?

Mr. EWING. That is not true, sir; that statement is not true.

Mr. PECORA. That would not be a fair statement in your opinion?

Mr. EWING. No; that would not be a fair statement. Mr. Pecora——

Mr. PECORA. You did say——

Mr. EWING. I have made a good many transactions in the past for those trusts that you might call speculative. They were successful. In the markets in those good times I was buying stock for them, and I was selling, and I made considerable money for those trusts. I was very fortunate that my judgment was pretty well correct on it. And it was on this short sale business.

Mr. PECORA. If these short sales are not covered at a profit to the trust estates you still will be in possession, you and your wife will be in possession——

Mr. EWING (interposing). They must be covered.

Mr. PECORA. Wait a minute (continuing). Of the sums for which these stocks were sold short in 1928? Won't you?

Mr. EWING. I am in possession of the funds now and Mrs. Ewing is in possession of the funds now.

Mr. PECORA. And if they are not covered you will have virtually sold those shares at a big profit to yourselves, won't you?

Mr. EWING. No, sir.

Mr. PECORA. Well, you already hold on deposit the purchase price realized upon the short sales, don't you?

Mr. EWING. Mr. Pecora, I as trustee have a definite commitment and obligation to those trusts for the profit when they are covered. I could be sued. I would be breaking every form of trust that a person has if I do not act for those—if I tried to take the profits for myself or Mrs. Ewing that were made for those trusts. That is a fact legally. Those trusts are nonrevocable trusts. They are absolutely legal. I haven't any right as an individual in any way to benefit from anything made for those trusts. None whatsoever.

Mr. PECORA. That is why I marvel, Mr. Ewing, at the fact that you did not cover these short sales long ago, particularly when the price reached around \$12 a share.

Mr. EWING. Mr. Pecora—

Mr. PECORA. It is because of those very elements of trusteeship that you have referred to.

Mr. EWING. You could easily show during the 3 years—I could show any time. As a matter of fact this transaction was questioned by the Internal Revenue Department. Now I received a letter from them in 1931—March, I think it was—I think it was what you call one of those 60-day letters claiming profit for myself and Mrs. Ewing as the result of sales of Johns-Manville stock, of these sales of Johns-Manville stock, the sales of them.

At that time I naturally took the matter up with Mr. Keyes and I asked him to get Mr. Angell, who was the tax expert of Mr. Davis's office, and I said I wanted them to look into it carefully again, which they did, and they asked for a hearing before the special advisory committee of the Internal Revenue Department in Washington, and I understand from them that two hearings were granted. I think one was in April and one was in October. They had two hearings.

The CHAIRMAN. What year?

Mr. EWING. In 1931.

Mr. PECORA. What was the amount of the tax they tried to assess on you?

Mr. EWING. Can I just finish this, and then I will take that up?

Mr. PECORA. All right.

Mr. EWING. They went—I would just like to finish that—they submitted before the advisory committee all the records in connection with these transactions, photostatic copies of the book entries in connection with same, copies of the trusts, and they went into it in great detail that time.

Then they went back and had a second hearing, and they went into this transaction most carefully. Every detail was laid before them. As a matter of fact, the details of this had been laid before the examiner at the time they examined our books, and he—the first I heard of it was when I got this 60-day letter.

They finally entered into stipulations; the advisory committee finally ruled that there was no tax payable by myself or my wife in connection with these sales.

Then I understand the proceeding was that my attorneys entered into stipulations with the General Counsel of the Internal Revenue Department, and those stipulations were filed with the United States Board of Tax Appeals. The United States Board of Tax Appeals handed down a ruling that these were—that there was

no assessment, additional assessment, in connection with these sales, against myself and my wife, bona fide short sales made on the New York Stock Exchange.

Mr. PECORA. When did they make that ruling?

Mr. DAVIS. Mr. Chairman, may I suggest that my law partner, Mr. Angell, conducted this proceeding, and he is here. I think we could make progress if we just take the statement from him and get the history of this inquiry.

Mr. PECORA. I just want one or two things about it. When was that ruling made, Mr. Ewing?

Mr. EWING. That ruling was—let's see—just a minute. (After conferring with associates.) The Board's final orders were entered on January 16, 1922.

Mr. PECORA. 1932?

Mr. EWING. 1932—excuse me.

Mr. PECORA. What was the amount of tax that they originally sought to assess upon you and your wife on account of these transactions?

Mr. EWING. Sixty-four thousand—[Mr. Angell showed Mr. Ewing a paper]—60,000 against me—\$60,687.13 against me and \$52,528.13 against Mrs. Ewing.

Mr. PECORA. That is a total of one hundred and thirteen thousand and odd dollars, is it?

Mr. EWING. Yes, sir.

Mr. PECORA. Have you individually made any short sales in securities?

Mr. EWING. No, sir.

Mr. PECORA. You only made them as trustee?

(Mr. Ewing nodded his head.)

Mr. PECORA. Never have made them for your individual account?

Mr. EWING. Not since I have been with J. P. Morgan & Co.

Mr. PECORA. Did you make any other short sales as trustee for the account of these four trusts?

Mr. EWING. Yes, I did.

Mr. PECORA. Have they been covered?

Mr. EWING. No; they have not been covered.

Mr. PECORA. And were these short sales made of securities corresponding to securities owned by you or your wife?

Mr. EWING. They were made in a similar manner to these, Mr. Pecora, and they were also passed on by the authorities—the tax authorities.

Mr. PECORA. Have you got the statement that Mr. Angell has to make?

Mr. EWING. I would like Mr. Angell to give his exact statement of the chronology of this tax procedure.

Mr. PECORA. Have you got a statement of it, or does he want to make it orally?

Mr. ANGELL. I have nothing written. I could give it to you orally very hurriedly from the record.

The CHAIRMAN. I was thinking we might avoid going into details about it by just putting the final order in.

Mr. PECORA. Why not prepare a statement and put it in?

Mr. ANGELL. I can do it right here, to save time, Mr. Pecora.

Mr. PECORA. All right.

**STATEMENT OF MONTGOMERY B. ANGELL, ATTORNEY AT LAW,
NEW YORK CITY**

Mr. ANGELL. The two 60-day letters to which Mr. Ewing has referred are both dated March 12, 1931. The deficiency asserted in those letters against Mr. Ewing, as he stated, was \$60,687.13, and against Mrs. Ewing was \$52,528.13.

The deficiency was predicated upon the statement of a profit of \$240,863 in respect of Mr. Ewing and a similar figure in respect of Mrs. Ewing. It was derived from a sale of stock of the Johns-Manville Co. which constituted taxable income for 1928.

Within the 30-day period Mr. Leonard Keyes and I took the matter up with the special advisory committee in Washington, which was set up, as you gentlemen know, for the purpose of considering cases following the issuance of 60-day letters.

We arranged for a hearing in April, April 7, 1931, within the 60-day period, and at that hearing we submitted full and complete affidavits, copies of the four trusts and indentures, photostatic copies of the book entries in the J. P. Morgan & Co. accounts covering the entire transaction.

Later, and without having any determination, we received a letter from the special advisory committee indicating it would be impossible for them to make a decision before the expiration of the 60 days, suggesting that an appeal be filed with the Board of Tax Appeals. That was done.

Again, in October 1931, as Mr. Ewing has stated, Mr. Keyes and I again appeared in Washington, and on this occasion, instead of being confronted by the usual conferees representing the advisory committee, as I recall it, there were two members, and I think three members of the committee itself were present at that conference, where we went over the ground in great detail.

Following several points being raised by the members of that committee we filed in addition to our affidavits two complete and comprehensive memoranda of law, an original statement, and then a second or supplemental statement to meet several particular points that had been raised during the hearing.

The committee's decision apparently was made on the case some time in November or December of 1931, and as Mr. Ewing has outlined, as in these cases before the advisory committee, stipulations were prepared by the General Counsel, Bureau of Internal Revenue, and submitted to us for our signature as his attorneys. Those stipulations found small minor deficiencies which we had made and conceded from the outset in these two returns. They finally found that there was no taxable gain realized by Mr. Ewing or by Mrs. Ewing by virtue of these short sales on account of four trusts.

On the execution of those two stipulations they were returned to the general accountant of the Bureau of Internal Revenue, who filed a stipulation with the Board of Tax Appeals. The Board of Tax Appeals, as Mr. Ewing has stated, entered its final order on January 16, 1932. I have copies of these orders, and I should like to submit them in connection with my statement.

The CHAIRMAN. I think they may go in.

(Two decisions of the United States Board of Tax Appeals, Docket numbered 58345 and 58346, submitted by Mr. Angell, are as follows:)

UNITED STATES BOARD OF TAX APPEALS, WASHINGTON, D.C.

William Ewing, petitioner, v. *Commissioner of Internal Revenue*, respondent.
Docket No. 58345.

DECISION

Under written stipulation signed by counsel for the parties in the above-entitled proceeding and filed with the board on January 14, 1932, it is

Ordered and decided: That there is a deficiency for the year 1928 in the amount of \$228.77.

Entered January 16, 1932.

A true copy.

Teste.

[SEAL]

B. D. GAMBLE,

Clerk United States Board of Tax Appeals.

UNITED STATES BOARD OF TAX APPEALS, WASHINGTON, D.C.

Maria T. Ewing, petitioner, v. *Commissioner of Internal Revenue*, respondent.
Docket No. 58346.

DECISION

Under written stipulation signed by counsel for the parties in the above-entitled proceeding and filed with the Board on January 14, 1932, it is

Ordered and decided: That there is a deficiency for the year 1928 in the amount of \$403.30.

Entered January 16, 1932.

A true copy.

Teste.

[SEAL.]

B. D. GAMBLE,

Clerk, United States Board of Tax Appeals.

Mr. PECORA. I just want to ask Mr. Angell a question. You say the board found no profit had been realized by Mr. and Mrs. Ewing on account of these transactions?

Mr. ANGELL. That is correct.

Mr. PECORA. Isn't that because the short sales had not been covered?

Mr. ANGELL. No, Mr. Pecora; the covering of the short sales was the occasion for giving rise to a taxable income on account of the trusts.

Mr. PECORA. Yes.

Mr. ANGELL. The submission made on account of the 60-day letter was that these so-called "short sales" were in fact sales made by Mr. and Mrs. Ewing individually of Johns-Manville stock. The Commissioner undertook to disregard the existence of the four trusts, and the activities taken on behalf of the four trusts. The issue was sharply drawn, first as to whether these were bona fide short sales on account of the four trusts or whether they were sales made by Mr. and Mrs. Ewing individually for loans on Johns-Manville. Secondly, that so-called "loan", as the Commissioner put it, was it a bona fide and real loan? That was the issue squarely presented to the special advisory committee, issues submitted in view of all the facts and circumstances, as Mr. Ewing has here recounted,

and as set forth in our affidavits, which reflected all the book entries, as well as the general statement of what occurred, and on the basis of that presentation—as I say, there were two hearings, the second of which, if my recollection serves me right, there were two, if not three, members of the advisory committee themselves were present, which is a rather unusual course of procedure.

The special advisory committee came to the conclusion that these short sales were bona fide short sales made on behalf of the four trusts; that the loans of stock to complete these short sales were bona fide loans made by Mr. and Mrs. Ewing; that the deposit of the proceeds of the sales by Mr. and Mrs. Ewing individually were simply carrying out a long and natural custom in respect to short sales, and in 1928 neither Mr. nor Mrs. Ewing individually had realized any taxable gain growing out of the transactions concerning which you have been inquiring.

TESTIMONY OF WILLIAM EWING—Resumed

Mr. PECORA. Now, just one more question of Mr. Ewing that I believe might go in. On the occasion of these other short sales that you say you made as trustee for these four trust estates, did you at the time you made those short sales own, or did Mrs. Ewing own, or both of you together, the stock that you sold short as trustees?

Mr. EWING. We did, Mr. Pecora.

Mr. PECORA. In every instance?

Mr. EWING. They were done in exactly similar ways in every case.

Mr. PECORA. In every instance where you made such short sales, you made them of securities and in amounts of securities corresponding to the securities that you and Mrs. Ewing had at that time?

Mr. EWING. Not necessarily that, Mr. Pecora. They were made where I was able or Mrs. Ewing was able to protect that short sale by lending stock. We might have had more stock or we might have had—but we had enough stock. It was not an identical amount necessarily.

Mr. PECORA. You had enough stock to lend to yourself as trustee for the purpose of delivering on those short sales?

Mr. EWING. We had enough stock to lend for that purpose.

Mr. PECORA. That is what I wanted.

The CHAIRMAN. One of these decisions, in the case of Mrs. Ewing, reads:

Ordered and decided that there is a deficiency for the year 1928 in the amount of \$403.30.

That was irrespective of these short sales?

Mr. ANGELL. Quite irrespective, Senator. That was an item and a similar item in the final order in Mr. Ewing's case, which grew out of the original order and which was conceded immediately.

Mr. EWING. There were some other rulings.

The CHAIRMAN. In Mr. Ewing's case it states:

Ordered and decided that there is a deficiency for the year 1928 in the amount of \$228.77.

That was irrespective of short sales?

Mr. EWING. Yes.

The CHAIRMAN. These may be filed and go in the record.

Mr. ANGELL. May I add, in view of Senator Fletcher's inquiry, the two small deficiencies found by the board in its final order had nothing whatever to do with this transaction which we were discussing. In both instances it grew out of minor adjustments.

The CHAIRMAN. Yes; I understand.

We will take a recess now till 2:30.

(Accordingly, at 1:20 p.m. a recess was taken until 2:30 p.m. of the same day.)

AFTER RECESS

The committee reconvened at 2:30 p.m. on the expiration of the recess.

The CHAIRMAN. The committee will come to order. Mr. Pecora, who is your next witness?

Mr. PECORA. May I recall Mr. Whitney?

The CHAIRMAN. Mr. Whitney will resume the stand.

TESTIMONY OF GEORGE WHITNEY, A PARTNER IN THE FIRM OF J. P. MORGAN & CO.—Resumed

Mr. PECORA. Mr. Whitney, do you recall that several days ago I asked you in behalf of the committee to confirm the transactions that were had between J. P. Morgan & Co. and Drexel & Co. with Judge Kephart in connection with units of the United Corporation and common stock of the Alleghany Corporation that have heretofore been testified to?

Mr. WHITNEY. I do; yes, sir.

Mr. PECORA. Have you prepared or caused to be prepared a statement fully setting forth those transactions?

Mr. WHITNEY. I have; yes, sir. Our Philadelphia office prepared them.

Mr. PECORA. Is this the statement in question that I now show you?

Mr. WHITNEY. Yes, sir; without the notations.

Mr. PECORA. Without the lead-pencil notations?

Mr. WHITNEY. Yes, sir.

Mr. PECORA. I offer it in evidence and ask that it may be spread on the record.

The CHAIRMAN. Let it be admitted and spread on the record.

Mr. PECORA. I will read it for the record. And the exhibit 49 or the statement reads as follows:

(The statement was received in evidence and marked "Committee Exhibit No. 49, June 9, 1933", and was read by counsel to the committee, as follows:)

Re: John W. Kephart's transactions with Drexel & Co. in United Corporation and Alleghany Corporation.

Our transactions with Judge Kephart were in the usual course of business and conducted on exactly the same terms as with our other customers in both United Corporation and Allegheny, and in advance of dates of confirmation customers of Drexel & Co. accepted invitations to subscribe which had previously been made to them.

In the case of United Corporation, on January 17, 1929, Drexel & Co. confirmed to Judge Kephart his prior order for 200 units of United Corporation. On the same date Drexel & Co. confirmed to Mrs. Florence M. Kephart her prior order for 100 units. On the same date Judge Kephart deposited with Drexel & Co. his check for \$22,500.

On January 21, Judge Kephart instructed Drexel & Co. to charge the cost of both of his own and Mrs. Kephart's units to his account, and the interim receipts registered in their respective names were mailed to Judge Kephart.

On February 5, 1929, Drexel & Co. confirmed to Judge Kephart his prior order for 300 shares of Alleghany Corporation common stock at \$20 per share. On February 15, 1929, Drexel & Co. received the Philadelphia National Bank's check to the order of Mrs. Florence M. Kephart, endorsed by her to Drexel & Co., in the amount of \$6,000. On April 14, 1929, the certificates were delivered to Judge Kephart.

Mr. PECORA. Now, Mr. Whitney, under date of May 2, 1933, or rather by a letter dated that day, addressed to Hon. John W. Davis, by counsel to this committee, the following information was requested, among other things.

In June of 1927 J. P. Morgan & Co. acquired 400,000 shares of the Johns-Manville Corporation common stock at $47\frac{1}{2}$. They sold 343,750 at the same price to a selected list, and 56,250 shares to another selected list at 10 points profit. We would like to know:

(a) How, from whom, and under what circumstances was the stock originally acquired;

(b) A copy of the selected list, showing the names of the purchasers of said shares at $47\frac{1}{2}$, together with the number of shares each of the said purchasers received; and

(c) A copy of the selected list showing the names of the purchasers of the said shares at $57\frac{1}{2}$, together with the number of shares each of the said purchasers received.

Now, I show you a document, and ask you if that constitutes the document which includes the information called for by that letter insofar as it relates to the shares of the Johns-Manville Corporation?

Mr. DAVIS. What is the number of that question?

Mr. PECORA. No. 37, I think it is.

Mr. WHITNEY. Yes, Mr. Pecora; but perhaps I ought to qualify it by saying that, of course, there is no answer here to "(a) How, from whom, and under what circumstances was the stock originally acquired." But these lists as presented here are the lists presented by us. The first list being the so-called "partners" individually or their own families, and then the 56,550 shares on the second list at $57\frac{1}{2}$, being those to whom the stock was sold at $57\frac{1}{2}$.

Mr. PECORA. I offer that in evidence, being the document referred to by the witness, and ask that it may be spread upon the record of the hearing.

The CHAIRMAN. Let it be admitted and so spread upon the record.

Mr. WHITNEY. And there is a third list.

Mr. PECORA. The first one shows the Johns-Manville common stock at $47\frac{1}{2}$, which is followed by a list entitled "Johns-Manville Corporation common stock at \$57.50."

Mr. WHITNEY. Did I understand that you wanted me to answer the (a) part of the question?

Mr. PECORA. Not at the present time, Mr. Whitney, unless you wish to do it.

Mr. WHITNEY. Well, it is so different from any of these other transactions that we have talked about here before.

Mr. PECORA. We will take that up subsequently.

(The paper referred to and marked "Committee Exhibit No. 50, June 9, 1933," was made a part of the record, and is as follows:)

Bought at \$47.50

	Shares		Shares
Anderson, Alice M.-----	8, 500	Leffingwell R. C.-----	17, 000
Bartow, F. D.-----	8, 500	Merseles, Theodore F.-----	35, 000
Beech Corporation-----	18, 500	Morgan et Cie-----	10, 000
Cochran, Thomas-----	26, 200	Morgan, Grenfell & Co-----	15, 000
Davison, Henry P.-----	1, 500	Morgan, Henry S.-----	1, 500
Drexel & Co.-----	4, 000	Morgan, J. P.-----	55, 500
Egan, Martin-----	500	Morgan, J. S., Jr.-----	11, 000
Ewing, Frederic-----	200	Morrow, Anne S.-----	1, 500
Ewing, Maria T.-----	2, 400	Morrow, Constance C.-----	3, 000
Ewing, William-----	3, 565	Morrow, Dwight W.-----	14, 000
Ewing, William, trustee for		Do-----	1, 100
Grave V. Ewing-----	600	Do-----	700
Ewing, William, trustee for		Do-----	700
Jane Ewing-----	600	Morrow, Elizabeth C.-----	4, 000
Ewing, William, trustee for		Morrow, Elizabeth R.-----	1, 500
Jessie V. Ewing-----	600	Munroe, Vernon-----	250
Ewing, William, trustee for		Price, Jane Taylor-----	35
Wm. Ewing, Jr.-----	500	Steele, Charles-----	20, 500
Gates, Thomas S.-----	10, 500	Stotesbury, E. T.-----	20, 500
Hall, Perry E.-----	500	Ward, Francis F.-----	500
Lamont, Thomas S.-----	1, 500	Whitney, George-----	20, 500
Lamont, Thomas W.-----	10, 000		
Lloyd, H. G.-----	11 000	Total-----	343, 450

Bought at \$57.50

	Shares		Shares
Aldridge, Walter H.-----	1, 000	Potter, William C.-----	2, 500
Baker, George F., Jr.-----	5, 000	Prentiss, John W.-----	500
Behn, Sosthenes-----	1, 000	Prosser, Seward-----	2, 500
Birch, Stephen-----	1, 000	Raskob, John J.-----	1, 000
Bliss, Cornelius N.-----	1, 000	Rayburn, Samuel W.-----	500
Carry, Edward F.-----	1, 000	Ross, W. G.-----	1, 000
Choate, Arthur O.-----	1, 500	Ryan, John D.-----	1, 000
Crowley, Patrick E.-----	500	Schneider, Franz, Jr.-----	250
Davis, Norman H.-----	250	Sloan, Alfred P., Jr.-----	1, 000
Drexel & Co.-----	500	Stephens, John A., Jr.-----	300
Fummi, Giovanni-----	500	Strawn, Silas H.-----	1, 000
Franklin, Philip A. S.-----	500	Swope, Gerard-----	1, 000
Gibson, Harvey D.-----	1, 500	Taylor, Myron C.-----	5, 000
Gifford, Walter S.-----	500	Teagle, Walter C.-----	1, 000
Halladay, Reginald-----	1, 200	Thompson, William Boyce-----	4, 000
Harris, Albert H.-----	500	Wardwell, Allen-----	1, 500
Hayden, Charles-----	1, 000	White, J. du Pratt-----	1, 000
Hilles, Charles D.-----	500	Wiggin, Albert H.-----	2, 000
Kelley, Cornelius-----	1, 000	Taylor, Sir Frederick William-----	250
Lamont, Corliss & Co.-----	300	Winston, Garrard B.-----	500
McHugh, John-----	250	Woodin, William H.-----	1, 000
McLennan, Donald R.-----	1, 000	Wooley, Clarence M.-----	1, 000
Mitchell, Charles E.-----	2, 500	Young, Owen D.-----	1, 000
Morrow, George K.-----	1, 000		
Oldham, John E.-----	500	Total-----	56, 550
Pomeroy, Daniel E.-----	250		

Mr. PECORA. There are four sheets constituting this list.

Mr. WHITNEY. Oh, no. There are more than four sheets. I count six sheets here in my file. You asked me to identify both lists.

Mr. PECORA. Here is one sheet headed \$47.50.

Mr. WHITNEY. There is one before that.

Mr. PECORA. And then there is this other one headed \$57.50, and there are five sheets in all.

Mr. WHITNEY. No; there are six sheets.

Mr. PECORA. I only have five sheets here in what was submitted to us.

Mr. WHITNEY. No; there are six sheets. There is one sheet with the 100,000 shares for the partners, that you have not got.

Mr. PECORA. No; we have not got that. That sheet is missing.

Mr. WHITNEY. There are 100,000 shares left hanging, and the total number of shares won't add up right without that.

Mr. PECORA. Let me ask you, Mr. Whitney, were there any other shares of the capital common stock of the Johns-Manville Corporation which were acquired by J. P. Morgan & Co. in June of 1927 at \$47.50 in addition to those shown on the five sheets of paper that form the exhibit no. 50 I have offered?

Mr. WHITNEY. There was a total of 400,000 shares of common stock purchased.

Mr. PECORA. By J. P. Morgan & Co.?

Mr. WHITNEY. Yes.

Mr. PECORA. And as I understand it, 343,450 of those shares were delivered at a price of \$47.50 to various individuals whose names are shown upon the first two typewritten pages of committee's exhibit no. 50.

Mr. WHITNEY. Yes; they being with one exception all members of our own family, I mean partners or their wives or definite assignees.

Mr. PECORA. And then there is the aggregate of 56,550 of those shares which were delivered at a price of \$57.50 per share to the individuals shown on the remaining three sheets that constitute committee's exhibit no. 50 of this date?

Mr. WHITNEY. Yes, sir.

Mr. PECORA. That made up a total of 300,000 shares that were so disposed of by J. P. Morgan & Co. Now, what became of the other 100,000 shares of the original block of 400,000 shares that J. P. Morgan & Co. acquired in June of 1927?

Mr. WHITNEY. The remaining 100,000 shares were sold to individual persons, I mean partners, at \$47.50.

Mr. PECORA. Individual partners of J. P. Morgan & Co.?

Mr. WHITNEY. Yes.

Mr. PECORA. In various allotments?

Mr. WHITNEY. Yes.

Mr. PECORA. And were sold only to the individual partners, as to all of them.

Mr. WHITNEY. It would be more correct to say that 343,450 shares were sold to partners and their families and to the gentleman who became president of the company, that one exception; and that 56,550 shares were sold as shown on another list at \$57.50 a share, and—

Mr. PECORA (interposing). Have you copies of those lists there before you?

Mr. WHITNEY. Yes, sir.

Mr. PECORA. Will you kindly have the stenographer mark them in evidence?

Mr. WHITNEY. All three of the lists?

Mr. PECORA. No; just all those that we have not already included in committee's exhibit no. 50 of this date.

Mr. WHITNEY. All right.

Mr. DAVIS. Wasn't that given in response to question 37?

Mr. PECORA. Apparently not.

Mr. WHITNEY. They say it was given to you collectively, including these 100,000 firm shares.

Mr. PECORA. We were given general information about the disposition of those remaining 100,000 shares, but not the names of the partners, or their respective allotments. What I want is to get a list showing that distribution.

Mr. WHITNEY. May I read it in?

Mr. PECORA. Yes. I do not wish to destroy the continuity of your record there. So you may read it in.

Mr. WHITNEY. It says:

Sold Johns-Manville Corporation common stock at 47½.

	Shares
J. P. Morgan-----	25, 500
E. T. Stotesbury-----	10, 500
Charles Steele-----	7, 000
T. W. Lamont-----	10, 000
H. G. Lloyd-----	5, 000
D. W. Morrow-----	8, 000
Thomas Cochran-----	8, 000
J. S. Morgan-----	4, 000
George Whitney-----	6, 000
Thomas S. Gates-----	4, 000
R. C. Leffingwell-----	6, 000
F. D. Bartow-----	1, 500
A. M. Anderson-----	1, 500
William Ewing-----	1, 500
Henry S. Morgan-----	500
Thomas S. Lamont-----	500
H. P. Davison-----	500
Total-----	100, 000

(See letter at end of this day's hearing in explanation of this table.)

Mr. PECORA. Thank you.

Now, Mr. Chairman, I think that is all from Mr. Whitney for the time being. Oh, Mr. Whitney, as of what date were those deliveries made, or was that distribution made, of those 400,000 shares?

Mr. WHITNEY. Well, my recollection is that they were made in the first part of June. The contract to purchase those shares was made way back in March, and I think the 7th of March, if I remember correctly.

Mr. PECORA. That was a contract made by J. P. Morgan & Co.?

Mr. WHITNEY. Yes; to purchase.

Mr. PECORA. When was the distribution made to the various persons whose names appear on those lists?

Mr. WHITNEY. The firm's letters were written by us June 9, 1927.

Mr. PECORA. On that date what was the market value of that stock?

Mr. WHITNEY. Well, I think the market was very much above that. I haven't that information here, I believe. I am advised, and it is my belief that it was about 78. Now, Mr. Pecora, that brings up the point again, of course, of this whole transaction, which you will realize was a transaction with an individual who had been managing the company, Mr. H. E. Manville, for a great many years. He, on account of the bad condition of his health, decided that he

no longer was up to running his company. So he approached us—oh, way back in the winter, in February if I remember rightly, to see if we would take it, or to say to us that he would like to sell out the actual control of the common shares of his company, and be relieved of the responsibility of management. We had known of this company very intimately since way back in 1924, and prior to the death of Mr. H. E. Manville's brother, T. F. Manville, we had practically concluded arrangements on the refinancing of the Johns-Manville Co., but it never went into effect because of his death. When Mr. H. E. Manville assumed control and ownership of the company he did refinance it, in December of 1926, and concluded to go on and operate the company himself and continue it as a family concern.

But, as I say, his health became such that he decided he could not go on with the work, and he persuaded us to purchase the company. So that in this case we did something that was quite different from any of these other operations that we have discussed. We bought 400,000 shares, a major part of the 750,000 shares of stock, which, of course, gave us control of the common shares, although there were 75,000 preferred shares with voting rights. At the time we purchased it we rather had it in our mind to keep that as a block, because we had discussed and had had various negotiations looking to disposing of this company through a merger with some other company. But when, as it developed, that we managed to persuade Mr. Theodore F. Marseles, who was the chairman of Montgomery Ward & Co., and whose name was the only outside name on the \$47.50 list, to retire from Montgomery Ward & Co. and take up the management of this company, having done that, we then determined that we did not want to keep within our own individual hands the actual voting control of the common stock. So we decided to sell approximately 50,000 shares, which would bring us down below half of the 750,000 shares.

At that time and subsequent to the announcement that we assumed responsibility for the management, this stock had gone way up, obviously. I think it was selling around 78. But we were faced with the question of just what it was fair to do. And we decided that we make this rather arbitrary price, rather half-way between the price that it was selling—it was less than half-way—but it was a substantial profit to us, and yet it was a very large amount below the market. And we explained, as you notice in these confirmatory letters—we fully explained the circumstances to all the people who were entitled to join us, and fully explained to them that we were taking a 10-point profit on our stock which we had bought not with the idea of distribution. On the other hand, we did not want to sell it to them at the market, because they were a small group, very close friends and associates in business, some of whom we asked to go on the board of Johns-Manville.

So it is rather a different circumstance than the others.

Mr. PECORA. Yes. I am glad you made reference to this.

The CHAIRMAN. What was the business of this company at that time?

Mr. WHITNEY. The business?

The CHAIRMAN. Yes. You spoke about operating the company.

Mr. WHITNEY. Of course it is a roofing business. It is asbestos primarily. All kinds of installations. High heat-tension coverings. A very large business of roofing. But all its business—or practically all its business—is collateral to the building industry, although they make asbestos brake linings. It is a very diversified business, most of which is related in some direct way to the building business. More or less accessories. They make boards—acoustics.

The CHAIRMAN. Are they manufacturers?

Mr. WHITNEY. They are manufacturers; entirely manufacturers and distributors.

Mr. PECORA. Mr. Whitney, in the letters which your firm sent to the various gentlemen who were invited to purchase this stock from you at \$57.50, did you, for the purpose of informing them that the price of \$57.50 was not the cost price to J. P. Morgan & Co., do so by language of this character—and I am reading from photostat copy of a letter dated June 9, 1927, addressed by your firm to George F. Baker, Jr., and which photostat copy has been furnished to me by your firm?—

The firm has recently purchased a substantial block of common shares of the Johns-Manville Corporation, and I enclose a statement as furnished to us of the company as of December 31, 1926. In this connection we contemplate no public issue of securities, but of disposing of a limited number of shares, and take pleasure in offering you 5,000 shares at \$57.50 per share, which represents a price higher than that paid by us. If you desire to accept this offer, payments should be made at our office on Friday, July 1. Also, please give us the instructions as to the names in which you wish the stock to be issued for delivery of extra dividend payable July 15.

Is that the form of letter which was used?

Mr. WHITNEY. Yes, sir; that is the form of letter. That was the form of letter of confirmation in all cases. The price was not disclosed, but my recollection is very clear that it was publicly announced, the price at which we bought these shares from Mr. H. E. Manville; and, at any rate, all of these gentlemen that bought it knew.

Mr. PECORA. I merely wanted to get a record of having the form which was used.

Mr. WHITNEY. That is the form of confirmation; yes.

Mr. PECORA. In having these gentlemen invited to subscribe to the stock at \$57.50?

Mr. WHITNEY. That is right; yes, sir.

Mr. PECORA. That is all with this witness at this time.

The CHAIRMAN. We will excuse you, Mr. Whitney.

(Thereupon Mr. Whitney retired from the witness stand.)

Mr. PECORA. Mr. Chairman, I will ask that Mr. Harold Stanley be called to the stand.

The CHAIRMAN. Is Mr. Stanley present?

Mr. STANLEY. Yes.

The CHAIRMAN. Mr. Stanley, will you be sworn? You solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, regarding the matters now under investigation by the committee. So help you God.

Mr. STANLEY. I do.

**TESTIMONY OF HAROLD STANLEY, PARTNER IN THE FIRM OF
J. P. MORGAN & CO., GREENWICH, CONN.**

Mr. PECORA. Mr. Stanley, will you kindly give your full name and address to the stenographer?

Mr. STANLEY. Harold Stanley, 511 Indian Field Road, Greenwich, Conn.

Mr. PECORA. Mr. Stanley, are you a member of the firm of J. P. Morgan & Co.?

Mr. STANLEY. Yes, sir.

Mr. PECORA. How long have you been a member of that firm?

Mr. STANLEY. Since December 31, 1927.

Mr. PECORA. Have you on occasions since that time bought and sold securities for your individual account?

Mr. STANLEY. I have.

Mr. PECORA. Have you recollection of certain transactions had by you in 1929 involving the sale by you of 286 shares of the capital stock of the Phelps Dodge Corporation?

Mr. STANLEY. Yes.

Mr. PECORA. Have you also a recollection of the sale made by you in 1929 of 660 shares of the capital stock of Porto Rican American Tobacco B?

Mr. STANLEY. Excuse me, Mr. Pecora; I was looking for a pencil. Would you mind repeating that?

Mr. PECORA. Six hundred and sixty shares of Porto Rican American Tobacco B.

Mr. STANLEY. Yes.

Mr. PECORA. On what date did you make the sale of the 660 shares of Porto Rican American Tobacco stock?

Mr. STANLEY. On November 7.

Mr. PECORA. 1929?

Mr. STANLEY. 1929, yes.

Mr. PECORA. What consideration did you receive for that stock on the occasion of that sale?

Mr. STANLEY. \$10,533.60.

Mr. PECORA. Was the stock at that time listed on any public securities exchange?

Mr. STANLEY. I think so.

Mr. PECORA. Which exchange?

Mr. STANLEY (after conferring with associates). I do not know. But I think it was listed either on the board or on the curb.

Mr. PECORA. What?

Mr. STANLEY. I think it was listed either on the board or on the curb. I do not know which.

Mr. PECORA. Either on the board of the New York Stock Exchange or the board of the New York Curb Exchange?

Mr. STANLEY. I should think so; yes.

Mr. PECORA. And did you make that sale through the exchange—

Mr. STANLEY. I did not.

Mr. PECORA (continuing). On which its shares were listed?

Mr. STANLEY. I did not; no.

Mr. PECORA. I did not hear you, Mr. Stanley.

Mr. STANLEY. I am sorry. I did not make it on the board.

Mr. PECORA. How did you make it?

Mr. STANLEY. I sold it to my wife.

Mr. PECORA. Directly to your wife?

Mr. STANLEY. I think so. Yes; I did.

Mr. PECORA. Was any broker employed in the making of these sales?

Mr. STANLEY. No.

Mr. PECORA. Did your wife pay you in cash or in any other form of payment the \$10,533.60 for which you say you sold that stock?

Mr. STANLEY. Yes; she paid me by cash transfer on the books of J. P. Morgan & Co.

Mr. PECORA. Paid you by a cash transfer on the books of J. P. Morgan & Co.?

Mr. STANLEY. Yes.

Mr. PECORA. There was no actual delivery or transfer of cash or a check for that amount, was there?

Mr. STANLEY. Well, it is the same thing as a check, I should say.

Mr. PECORA. Well, there was no actual delivery of either cash or a check, was there?

Mr. STANLEY. Well, my account was credited and her account was charged.

Mr. PECORA. That is the way in which you received payment?

Mr. STANLEY. Yes. I should think——

Mr. PECORA. Merely by a credit to you and a corresponding debit to you on your respective accounts with J. P. Morgan & Co.?

Mr. STANLEY. Correct.

Mr. PECORA. Is that correct?

Mr. STANLEY. Correct.

Mr. PECORA. Did that sale result in any loss to you?

Mr. STANLEY. It did.

Mr. PECORA. Of how much?

Mr. STANLEY. \$12,858.05.

Mr. PECORA. Did you make and claim a deduction of that amount of loss in your income-tax return——

Mr. STANLEY. I did.

Mr. PECORA (continuing). For the year 1929?

Mr. STANLEY. I did.

Mr. PECORA. Was it allowed?

Mr. STANLEY. I think so; yes.

Mr. PECORA. Now, how long before the date of the making of the sale had you determined to sell that stock?

Mr. STANLEY. I really could not say, Mr. Pecora. It was sold on November 7.

Mr. PECORA. Did you afterward repurchase this stock, Mr. Stanley?

Mr. STANLEY. No, sir. No; I did not.

Mr. PECORA. Do you know whether or not Mrs. Stanley disposed of that stock at any time subsequent to her purchase of it from you?

Mr. STANLEY. I think so, Mr. Pecora.

Mr. PECORA. What?

Mr. STANLEY. I think so.

Mr. PECORA. But not to you?

Mr. STANLEY. No.

Mr. PECORA. Do you know whether when she disposed of it subsequently she did so at a profit? Have you any information on that?

Mr. STANLEY. I do not know.

Mr. PECORA. Now, were you a director at any time of the United Corporation?

Mr. STANLEY. I was; yes.

Mr. PECORA. When? In what years?

Mr. STANLEY. In 1930, I think. I don't know the month when I was elected. I still am.

Mr. PECORA. Were you in the year 1929 a director in that corporation?

Mr. STANLEY. No. I think it was 1930, Mr. Pecora, that I was elected.

Mr. PECORA. Were you in the year 1929 a director of any corporations that were either subsidiaries or affiliates of United Corporation, in 1929?

Mr. STANLEY. I was a director—would you mind repeating that question again?

Mr. PECORA. The stenographer will read it.

(Thereupon the last question was read by the reporter, as above recorded.)

Mr. STANLEY. I was a director of the Columbia Gas & Electric Co. in 1929, but I should say that at that time it was not—you could not consider it an affiliate.

Mr. PECORA. Were you also in 1929 a director of the United Gas Improvement Co.?

Mr. STANLEY. I think I became a director of that in 1930.

Mr. PECORA. I think it was 1929.

Mr. STANLEY. Was it? I thought it was 1930.

Mr. PECORA. Were you also in the year 1929 a director of the Niagara Hudson Power Corporation?

Mr. STANLEY. Yes, I was.

Mr. PECORA. Now, did the United Corporation in 1929 have any large holdings of the stock of the United Gas Improvement Co. and of the Niagara Hudson Power Corporation?

Mr. STANLEY. Yes; they did.

Mr. PECORA. Did it also have large holdings of stock of the Columbia Gas & Electric Corporation?

Mr. STANLEY. Well, they had substantial holdings, but nothing like as large as the others.

Mr. PECORA. Did you for your individual account have any extensive transactions in the buying and selling of the stock of Columbia Gas & Electric Corporation and the United Corporation in the year 1929?

Mr. STANLEY. Yes; I had substantial transactions in United Corporation stock. I had owned Columbia Gas & Electric stock for some years, and I have a record here as to whether I bought any more or not during that year. I will have to look it up. I had owned 1,500 shares of Columbia Gas & Electric ever since 1923, or between 1923 and 1925. Do you want me to try to check on any further transactions, Mr. Pecora?

Mr. PECORA. Well, I do not think it is necessary to check it in all that detail, Mr. Stanley. Thank you. Let me ask you this. In con-

nection with your stock market transactions in the shares of the United Corporation during the year 1929 did you receive profits as the result of such transactions aggregating about \$365,000?

Mr. STANLEY. I do not know, Mr. Pecora. Are those figures from my income tax? Whatever profits I had were reported.

Mr. PECORA. Yes; but do you know what the profits were from the sale of securities of the United Corporation that you made that year?

Mr. STANLEY. I will have to add them up.

Mr. PECORA. That is all right.

Mr. STANLEY (after adding up figures. I make it about \$368,000.

Mr. PECORA. Yes. Yes; I guess that is about right. Would you say, Mr. Stanley—would it be a fair statement to make that you were enabled to make these profits in your market operations with respect to the stock of United Corporation in part because of knowledge you acquired as a director either of that corporation or of some of the corporations of which it had stock holdings?

Mr. STANLEY. Mr. Pecora, I do not consider that these were what you would ordinarily call market operations. This was an investment of my own funds, and fortunately it turned out to result in a profit.

Mr. PECORA. Well, by the term of market operations I did not mean to indicate what is known ordinarily as an active trading account.

Mr. STANLEY. I see. Yes.

Mr. PECORA. But they were market transactions in which you bought for your own account and sold for your own account whenever it suited your judgment and purpose to do so?

Mr. STANLEY. Yes.

Mr. PECORA. Yes.

Mr. STANLEY. The question was whether the profits that resulted were due to the fact that I was a director? Is that the question?

Mr. PECORA. Yes. Do you think that you were aided by the information gained by you as a director of any of these companies?

Mr. STANLEY. No; I do not.

Mr. PECORA. Well, as a director of any company you would acquire knowledge concerning the financial condition of the company that an ordinary stockholder would not have? Wouldn't you, generally speaking?

Mr. STANLEY. Why, certainly. We would acquire perhaps more intimate knowledge of the corporation than a stockholder. But the corporation published very full statements of its condition every 3 months, and the United Gas Improvement also published a very full statement of its condition I think also every 3 months. At regular periods anyway. It was a matter of common knowledge of what the assets and earnings of those two companies were.

Mr. PECORA. But you had information—

Mr. STANLEY. I mean I think the information as to the earnings was given to the directors and published in the papers the next day—maybe the same day.

Mr. PECORA. You as a director would have current information that would not be detailed on any of these quarterly statements, would you not?

Mr. STANLEY. I do not think there was much that did not appear on those statements.

Mr. PECORA. But whatever there was you would have it?

Mr. STANLEY. Possibly. I certainly had a more intimate connection with the company than a man who was not a director. I know that.

Mr. PECORA. I see. That is all, Mr. Stanley.

(Thereupon Mr. Stanley retired from the witness stand.)

Senator REYNOLDS. Mr. Chairman, as a member of this committee I want to ask that the senatorial courtesy be extended to Senator Long, who is desirous of directing some several questions to Mr. Lamont, and if you will be good enough to extend that senatorial courtesy to Senator Long and call Mr. Lamont.

The CHAIRMAN. Is Mr. Lamont present?

(The question was raised as to which Mr. Lamont.)

Senator LONG. Mr. Thomas W. Lamont.

Senator REYNOLDS. Mr. Thomas W. Lamont.

Senator LONG. T. W.

The CHAIRMAN. Not the Mr. Lamont who was on the stand?

Mr. PECORA. Thomas W.

The CHAIRMAN. Mr. Lamont, I believe you have not been sworn.

Mr. THOMAS W. LAMONT. No; not as yet.

The CHAIRMAN. You solemnly swear that you will tell the truth, the whole truth, and nothing but the truth regarding the matters now under investigation by the committee. So help you God.

Mr. LAMONT. Yes, sir.

The CHAIRMAN. You may proceed, Senator.

TESTIMONY OF THOMAS W. LAMONT, A MEMBER OF THE FIRM OF J. P. MORGAN & CO.

Senator LONG. Your name is Thomas W. Lamont?

Mr. LAMONT. My name is Thomas W. Lamont.

Senator LONG. You are a partner of J. P. Morgan & Co.?

Mr. LAMONT. I am.

Senator LONG. Mr. Lamont, are you a director of the Crowell Publishing Co., of this country?

Mr. LAMONT. I am.

Senator LONG. What connection has the Crowell Publishing Co. with the Collier's Weekly?

Mr. LAMONT. The Crowell Publishing Co., as I recall it, owns substantially the control of Collier's Weekly.

Senator LONG. Yes. Therefore you are a director of the concern controlling Collier's Weekly?

Mr. LAMONT. Yes.

Senator LONG. You are also one of the feature writers of Collier's Weekly, are you not, Mr. Lamont?

Mr. LAMONT. I could not so designate myself.

Senator LONG. I hand you a paper dated May 6, 1923, a copy of Collier's Weekly, in which you are listed as one of the feature writers in that weekly. If you did not write it, who did?

Mr. LAMONT. Oh, yes; I wrote those articles upon my late partner, Mr. Davison; certainly.

Senator LONG. Yes. Mr. Lamont, do you remember when you came down here for this hearing? About how long ago it was?

Mr. LAMONT. Might I inquire what was the date we started the hearings here?

Mr. PECORA. The first date was May 23, 1933.

Senator LONG. You came down here about May 23, 1933, for this hearing?

Mr. LAMONT. Yes.

Senator LONG. You are familiar, as the director of the Collier's Weekly, with its conduct of its operations to some extent, I take it?

Mr. LAMONT. I am not. Not as to its editorial conduct whatsoever.

Senator LONG. Not with its news conduct, its business conduct, or its editorials?

Mr. LAMONT. Nothing to do with the editorial conduct of the Collier's Weekly, of which I am not a director.

Senator LONG. You state that you are a director of the concern that owns the corporation that owns the paper? And yet you do not consider that is any connection with the paper?

Mr. LAMONT. I have not said that. I said that I am a director of the Crowell Publishing Co., and that the Crowell Publishing Co. publishes as one of its publications Collier's Weekly.

Senator LONG. All right.

Mr. LAMONT. And to that I added that I know nothing about the editorial conduct of Collier's Weekly, because I have no connection with that end of it.

Senator LONG. I will ask you if you have had any connection with Mr. John C. Martin or Mr. Cyrus K. Curtis?

Mr. LAMONT. Mr. John C. Martin and Mr. Cyrus K. Curtis. I have not of recent years.

Senator LONG. Well, did you have any connection with them?

Mr. LAMONT. I never had any connection with either of those gentlemen. I knew them back in 1924. I saw them on several occasions.

Senator LONG. You are aware of the fact——

Mr. LAMONT. And 1923.

Senator LONG. You are aware of the fact that they are publishers, aren't they, Mr. Curtis and Mr. Martin, of the New York Evening Post and the Saturday Evening Post? You are aware of that, aren't you?

Mr. LAMONT. I am aware that Mr. Curtis, who died the day before yesterday, was the proprietor of the Saturday Evening Post and also of the New York Evening Post, and that Mr. Martin was his son-in-law.

Senator LONG. Was he not also his partner?

Mr. LAMONT. That I do not know.

Senator LONG. And are you not further aware that Mr. Martin is the vice president and treasurer of the Evening Post?

Mr. LAMONT. I am not so aware.

Senator LONG. You have never heard that?

Mr. LAMONT. I may have heard it, but I am not so aware.

Senator LONG. Did you ever have anything to do with the New York Evening Post yourself, directly or indirectly?

Mr. LAMONT. I did.

Senator LONG. What was that connection?

Mr. LAMONT. In 1918 I bought the stock of the New York Evening Post and sold it, as I recall it, in 1921 or 1922.

Senator LONG. To whom?

Mr. LAMONT. I sold it to a group of gentlemen headed by Edwin F. Gay.

Senator LONG. That finally landed in the hands of Mr. Curtis and Mr. Martin?

Mr. LAMONT. Mr. Curtis bought it, as I recall it, from Mr. Gay a couple of years later. I can't remember the exact date.

Senator LONG. And what year did you say you sold it?

Mr. LAMONT. I sold it to Mr. Gay, as I recall it, in 1921, or it may have been in 1922, I do not recall which.

Senator LONG. Well, you sold it to Mr. Gay about the time that he sold it to Mr. Curtis and Mr. Martin?

Mr. LAMONT. No. As I recall it, he kept it a year or 2 years before he sold it to those gentlemen.

Senator LONG. Now, Mr. Martin, the son-in-law of Mr. Curtis, and the business partner of Mr. Curtis—I have asked you if he is not the same man who is treasurer of the Evening Post, but at least the son-in-law of Mr. Curtis—has also been shown, I believe, here, as being one of what the newspapers call your preferred customers for United stock and for Alleghany stock, has he not?

Mr. LAMONT. If that is true I did not know it.

Senator LONG. You did not know that?

Mr. LAMONT. No; I did not.

Senator LONG. You did not know that he was?

Mr. LAMONT. I did not know that he was and I do not know that he was.

Senator LONG. May I inquire: Has that been offered in the record?

Mr. PECORA. Yes, sir; Senator. There is evidence here that Mr.——

Senator LONG. Yes. For your information, the evidence is in the record here in this hearing that Mr.——

The CHAIRMAN. Mr. Martin.

Senator LONG (continuing). Mr. Martin, the son-in-law of Mr. Curtis, and business partner, I think we can convince you, was on the preferred list for 1,000 shares of Alleghany Stock and 1,000 shares of United stock.

Mr. LAMONT. I see. Very well.

Senator LONG. All right. Then you are bound to have known him pretty well—or somebody in the House of Morgan?

Mr. LAMONT. Well, Senator Long, if he bought that stock it was from Drexel & Co. of Philadelphia.

Senator LONG. Yes, sir.

Mr. LAMONT. It does not imply my knowledge, or it does not imply lack of knowledge, one way or the other. I suppose he was a customer of Drexel & Co.

Senator LONG. Did you ever have any direct or indirect interest in what is known as the "McClure Feature Syndicate?"

Mr. LAMONT. Not that I recall.

Senator LONG. Not at all. Did you have anything to do with any other newspapers?

Mr. LAMONT. Not that I recall.

Senator LONG. Or magazines?

Mr. LAMONT. Not that I recall.

Senator LONG. Does the Crowell Publishing Co. publish any other magazine but Collier's Weekly?

Mr. LAMONT. Indeed it does.

Senator LONG. What others?

Mr. LAMONT. It publishes the Woman's Home Companion. It publishes the Farm and Fireside, I think. It tells the farmers how to improve the egg-laying qualities of their chickens. It publishes—what else does it publish? American Magazine and Collier's Weekly; I think that is all.

Senator LONG. So that, Mr. Lamont, through the egg paper and the farm paper and the woman's paper and Collier's paper—

Mr. LAMONT (interposing). I haven't control of any of those papers, Senator Long.

Senator LONG. And therefore, through the preferred list you got Mr. Martin, and you got the New York Evening Post, and through this company of which you were a director you got Collier's and these other publications.

Mr. LAMONT. I would not put it in that way; no. You see, Senator Long, my connection with the Crowell Publishing Co. is simply a financial connection.

Senator LONG. It is only benevolence.

Mr. LAMONT. Oh, no; I do not say that at all.

Senator LONG. You do not?

Mr. LAMONT. I do not say that at all. I hold such stock as I hold in that company for the purpose of the dividends that I gain through it, I hope.

Senator LONG. I see. Thank you. [Laughter.]

Mr. LAMONT. What I mean to say is that my advices in connection with the company are wholly financial. I am not consulted upon editorial policies at all, nor upon the policy of the Woman's Home Companion.

Senator LONG. Now, Mr. Lamont, do you read the newspapers?

Mr. LAMONT. Yes; I think so.

Senator LONG. Have you at any time read on the front pages or other pages of newspapers anything having to do with the proceedings of the United States Senate, particularly connected with yourself and the House of Morgan?

Mr. LAMONT. Oh, certainly.

Senator LONG. I see. Did it ever so happen prior to the time or about the time this hearing was started and for some time prior thereto, that you had happened to read anything in regard to a statement made by me upon the floor of the United States Senate to the effect that the Treasury Department of this country ought not to be dominated by a man who came from or was affiliated with the House of Morgan?

Mr. LAMONT. I do not recall whether I read that or not, Senator Long, but it is very possible that I did.

Senator LONG. You have understood that?

Mr. LAMONT. Understood what?

Senator LONG. Well, you say it is very possible that you did.

Mr. LAMONT. But, understood what?

Senator LONG. Well, I will ask you another question [laughter in the room]: You state that it is very possible you have read my statements made on the floor of the United States Senate to the effect that one connected with the House of Morgan should not be in the Treasury Department of the United States Government. Now, you say it is very possible you have read those statements. Do you remember about how long it would have been, that you remember, if you do remember it, from possibly having read such things before this investigation commenced?

Mr. LAMONT. Well, Senator Long, I should not have recalled it for very long, because such a statement, if ever made, would not have made the slightest impression upon me. [Laughter in the room.]

Senator LONG. I see. Then a statement made by a Member of the United States Senate naturally made no impression on you?

Mr. LAMONT. Any statement made by a Senator of the United States that was founded on anything approaching the facts, would, of course, made a great impression upon me, and I would have great respect for it. But a statement without the slightest foundation in fact would have no effect upon me.

Senator LONG. Well, if the statement I made contained the statement that Mr. Woodin was one of your preferred clients, and as shown by an item in the newspapers was buying Alleghany stock at \$20 when it was selling on the market at \$34, that would have been founded on fact, and would have naturally had great weight with you, as it should have in order to impress you; isn't that so?

Mr. LAMONT. Well, of course, Senator Long, if you read the testimony of our Mr. George Whitney of last week and the week before, you would have noted that your explanation of the sale of stock to Mr. William H. Woodin did not accord with the facts.

Senator LONG. You state that it did not accord with the facts. Well, I will say that that letter published in the newspapers that I saw, was written to him something to this effect: "We are holding some stock for you at \$20 and it is selling above \$30." Was that true?

Mr. LAMONT. That letter was true at the time, of course.

Senator LONG. Well, that is all that I know about it. As I say, I never have seen the original letter. All right. Now, as I have said, following that time Collier's has had some articles published by you, hasn't it?

Mr. LAMONT. Collier's Weekly has published six articles that I wrote upon the life of my late friend Henry P. Davison.

Senator LONG. I want to pause, Mr. Chairman, to say that I seem to be provoking mirth from that corner of the room where the Morgan interests are seated. And I want to give them plenty of time to laugh. And then I ask you this question, Mr. Lamont: Do you know of any reason why Collier's Weekly was making the pronouncement that it was going to fight Huey P. Long, and was sending to every Member of Congress a previously printed document that was to appear in Collier's Weekly, supposedly to make a great exposure of Huey P. Long, a Member of the United States Senate, after that speech was made on the floor of the Senate here more than a month before to the effect that the Treasury Department of the United States should be ousted from the House of Morgan?

Mr. LAMONT. Senator Long, I hadn't the remotest idea that Collier's Weekly was going to make any such publication at all. The notification of it in the papers this morning, or by you, of a speech was the first information of any kind, shape, or nature that I had of that matter.

Senator LONG. Oh, then you read my speech, that I made, in the papers on yesterday? You followed me again, did you? [Laughter in the room.]

Mr. LAMONT. No.

Senator LONG. Then you read the speech that appeared this morning, and as a director of a concern controlling, as you say, the stock of Collier's—

Mr. LAMONT (interposing). Yes; I am a director.

Senator LONG (continuing). Are you in accord personally with the practice of sending to the Members of the United States Senate, and the Members of the House of Representatives, in advance, statements attacking the credibility and the personal and private life of a Member of the United States Senate, beginning back some time, oh, at least a month ago, opposing the confirmation or retention of officers in the United States Government who were under the dominating wing of the House of Morgan, and on their preferred list? Are you in accord with that policy?

Mr. LAMONT. I do not know of any such policy as that of which you speak at all. I can only say to you, Senator Long, that I had no knowledge whatsoever of this particular article, or the manner in which it was to be handled. As a matter of fact, I haven't attended a meeting of the directors of the Crowell Publishing Co. for 10 years. I have kept informed in a general way on their financial operations by merely a visit on the part of their treasurer. As to their editorial policies and plans, I know nothing whatsoever.

Senator LONG. Then you have nothing whatever to do with them except as concerns them financially, and as a feature writer?

Mr. LAMONT. As to the latter, perhaps you would like me to explain how those articles happened to appear or be published in that paper?

Senator LONG. I do not care, but perhaps the committee would like for you to explain it, and if so, you may do so.

Mr. LAMONT. I will. For several years I have been engaged in writing the life of my late partner, Mr. Henry P. Davison. It was got ready for publication last winter. It seems that, without any suggestion on my part, the editors of Collier's Weekly heard of this volume. They got a set of the proofs, and they asked whether they might have the privilege of printing a few instalments from that volume. At first I hesitated, wondering whether it entirely accorded with the dignity of the volume I was endeavoring to bring out. They persuaded me that it did. I accordingly gave my permission. Some weeks thereafter, Mr. Pecora, as counsel to this committee, began his inquiries from us, his conversations with us, leading up to this inquiry, whereupon it occurred to me that possibly the publication of those articles at that time would be misconstrued.

For that reason I communicated with the editors and asked them whether or not there was some way to stop the publication. To my

regret—and to theirs—it seems that was impossible, for the articles were already in type and on the presses, their advertisements or announcements had been printed, and there was no way to stop it.

Senator LONG. Then it so happened, just by accident, that those articles came out about the time or shortly before this investigation was to take place; and that was a mere coincidence, I am sure.

Mr. LAMONT. It happened exactly in the way I have just told you.

Mr. LONG. It was just a mere coincidence, and it so happened that the article attacking the life of a Member of the United States Senate was an accident, coming a month after the speech was made calling upon something to be done to keep the House of Morgan from having control of the Treasury Department of the United States; that is, those are two unusual accidents. That is almost like your egg paper that hatched out on time, Mr. Davison, or, I mean, Mr. Lamont, excuse me; isn't that so?

Mr. LAMONT. This article that you say attacked you so bitterly was never called to my attention and I never read it.

Senator LONG. Can you explain the peculiar reason at this particular juncture that your paper—and I call it your paper because you own the company and so are the director of the company that owns it—can you explain in your own mind, or give us any information, as to why this paper of yours should have timed the article in such haste that it would reach Members of Congress, would have had printed in advance a special print and forwarded it under special cover to every Member of Congress in advance? Can you give us any light upon why that unusual coincidence should have occurred, why that extraordinary diligence to get it before Members of Congress should have taken place?

Mr. LAMONT. Certainly not, because, as I stated before, I have no knowledge of their editorial policy, and had no knowledge whatsoever of this article relating to you. I suggest that you ask the editors of that publication to make their own explanation to you.

Senator LONG. I want to ask you as a director of this concern which owns this other concern, if you are standing by the statements made in that paper, and as a co-feature writer with Mr. Davenport, all simultaneously, if you consider yourself charged with any knowledge of what it is doing?

Mr. LAMONT. As a director of the Crowell Publishing Co., which in turn owns the company which owns Collier's Weekly, I consider that I have no responsibility, near or remote, as to any editorial policy of that publication. And——

Senator LONG (interposing). Now, Mr. Lamont——

Mr. LAMONT (continuing). Senator Long, may I interrupt you for one moment?

Senator LONG. All right.

Mr. LAMONT. You mentioned a while back my temporary ownership of the Evening Post, and I should like now to allude to that. To show you, if you please, the scrupulous regard which I had at that time for my relationship with that publication; I bought that publication on very short notice and because of a sentimental attachment which I had for it. My only brother, who died, had been the managing editor of it, and the property came suddenly into the market for sale, and, as I was told, had to be sold. In order to

prevent it from falling into the hands of someone that might not preserve its high traditions I stepped forward and bought it. I bought every share of its stock. As soon as I had done that I trusteeed every share of stock in the names of Henry S. Pritchett, president of the Carnegie Foundation for the Advancement of Teaching, and Theodore N. Vail, the retired honorable head of the American Telephone & Telegraph Co., and Mr. Ellery Sedgwick, the editor of Atlantic Monthly. I did that in order to divest myself of the ownership of that publication, and to make it perfectly clear, not only in fact but in name, that the proprietors of that publication were absolutely free to pursue whatever editorial policy they cared to pursue, which they did.

Senator LONG. Now, as I understand you, or think I understand you at least, these things are mere matters of coincidence and of accident, so far as you are concerned; that you know nothing about them, and that they have no connection with you here; that your writing the articles that are appearing just before this investigation, in the paper that you indirectly direct—

Mr. LAMONT (interposing). Excuse me, Senator Long, but I do not indirectly direct it.

Senator LONG. Well, all right. Let us put it in this way: Your writing the series of articles in which you bring in, not only Mr. Davison but other members of the House of Morgan, and extol their virtues, occurring just on the eve of this investigation, that is not a matter of publicity or not a matter of propaganda, but it just happens to be a mere coincidence that it comes just around the time of this investigation. I understand from your answers that that is correct; isn't it?

Mr. LAMONT. It is correct, as I have stated before, that I knew nothing whatsoever about their editorial policies; that I did my best as a matter of fact to have those articles postponed, but was unable to do so. But as for the article about you, Senator Long, I knew nothing whatsoever about it, as I stated before. And I never even read the article, and did not know that it had appeared until you mentioned it.

Senator LONG. Had you known of Collier's Weekly going to the extent that it did in getting out this article, and if you did not know it can you give us any reason why, at this particular time, it would have printed those articles in advance and sent them here before the paper could be sent to the market?

Mr. LAMONT. I haven't the remotest idea.

Senator LONG. You have no idea at all?

Mr. LAMONT. No. I do not know the technique of publication, Senator Long, in that way at all.

Senator LONG. You haven't any idea about that?

Mr. LAMONT. None whatsoever.

Senator LONG. And you do not intend to do anything about it, and you do not intend to have anything to do with it?

Mr. LAMONT. Well, there are two questions there, and I will answer the last one first: I have said repeatedly that I had nothing whatsoever to do with it, and had no knowledge of it. And I intend to do nothing about it in pursuance of the policy I have always preserved of not making editorial suggestions.

Senator LONG. In the meantime you will go side by side as one of the writers in the columns of this paper, which is owned by a concern of which you are a director; that is your intention, is it?

Mr. LAMONT. Well, Senator Long, I will take you into my confidence and say that I have no other articles on my mind to produce at the present time, and that I have no intention whatever of producing any in Collier's Weekly.

Senator LONG. When was the first business transaction that you had with Mr. Martin? That is his name, isn't it?

Mr. LAMONT. The Mr. Martin that you mentioned?

Senator LONG. The son-in-law and partner of Mr. Curtis, now vice president and treasurer of the New York Evening Post that you formerly owned.

Mr. LAMONT. I should think that the first and last business transaction I ever had with Mr. Curtis, and with Mr. Martin, was back there about 1922 or 1923 or 1924, and I don't remember the date, at the time when they bought the property of the New York Evening Post from Mr. Edwin F. Gray and his associates. And I have never had any business transaction with either of them since.

Senator LONG. Now, this Farm and Egg Journal of yours, it has a considerable circulation among farmers, and do you call it a Farm and Egg Journal, or what was the name of it?

Mr. LAMONT. It used to be Farm and Fireside, but it changed its name, and I have forgotten what it is called now.

Senator LONG. Well, I remember a paper called Farm and Fireside.

Mr. LAMONT. Yes, sir.

Senator LONG. These papers from time to time, either from you or somebody else, have carried a considerable complimentary reference to the House of Morgan.

Mr. LAMONT. Have they, indeed? Well, I have never seen that.

Senator LONG. You did not know that?

Mr. LAMONT. No.

Senator LONG. That is strange. Well, I can give you one here:

Mr. T. W. Lamont—

Mr. LAMONT (interposing). Well, are you now speaking of Farm and Fireside?

Senator LONG. Well, it is in that.

Mr. LAMONT. I have never seen any.

Senator LONG. You are sure it never did?

Mr. LAMONT. Well, I do know enough of Farm and Fireside, although I haven't seen a copy of it for several years, to know that they confine themselves to agricultural subjects.

Senator LONG. You are sure that they never printed any other subjects, such as—

Mr. LAMONT (interposing). I am sure they never printed anything about the activities of J. P. Morgan & Co.

Senator LONG. Or of any concern in which J. P. Morgan & Co. is interested?

Mr. LAMONT. No. I cannot imagine their going into finance at all.

Senator LONG. And other concerns, such as the Woman's Home Companion?

Mr. LAMONT. Yes; and the Woman's Home Companion.

Senator LONG. All right. And through the connection of Mr. Martin, who was on your preferred list and is now vice president and treasurer of the Evening Post that you formerly owned, you reach into the Curtis side of the family, and through your own part of it you reach into the Collier's and Farm and Fireside and Woman's Home Companion, and I should have stated through the Curtises you go to the Ladies Home Journal, and the Philadelphia Public Ledger, and the New York Evening Post, and the Saturday Evening Post, and that is not all of your connection, is it, Mr. Lamont?

Mr. LAMONT. Well, Senator Long, you would not, I am sure, or at least I would not permit myself to characterize the extent of imagination necessary to figure out all these things. I could not imagine them.

Senator LONG. And you cannot imagine how it happened that in these papers, and in these publications, with your connections, that the propaganda and publicity so favorably to you, breaks amidst this investigation; and that the publicity against those who are opposing the preferred clients of yours breaks so mysteriously against them at the same time, together with a special flood of mail editions in advance of publications being able to reach the news-stands. That is unexplainable to you, is it?

Mr. LAMONT. Now, Senator Long, just a minute.

You have named half a dozen publications, and I want to say——

Senator LONG (interposing). Wait a minute.

Mr. Chairman, I am asking that the committee reporter read the question back to Mr. Lamont, and that he then explain it. I should like for him to understand the question, and then I should like to get it answered.

The CHAIRMAN. All right. The committee reporter will read the question propounded by Senator Long.

(Which was done.)

Mr. LAMONT. Any comment upon that, Senator Long——

Senator LONG (interposing). Well, now, Mr. Lamont, will you answer yes or no? Is it unexplainable to you?

Mr. LAMONT. I won't answer it yes or no, of course, because it cannot be thus answered by reason of the hypothesis stated in the question, which hypothesis is quite without warrant in fact. Senator Long, you speak as though all these publications had been publishing propaganda, or whatever you may call it, in reference to the house of Morgan. I haven't seen anything whatsoever in any of these publications of that nature, but you have called my attention to my own articles in Collier's Weekly. I have already explained to you, Senator Long, and I call your attention to the fact once again, that because of the fear that they might be misconstrued I tried to get those articles stopped. But with the exception of those articles I am not aware of any article in any of these publications that had to do with J. P. Morgan & Co.

Senator LONG. Now, Mr. Lamont, in order that I may get an answer from you: You know that this article appearing in Collier's Weekly for May 6 contains, among other things, such statements as this:

A vague doubt dispelled. Precisely what it was that first raised a hue and cry about a money trust nobody ever knew.

Appearing in your article purporting to be on the life of Henry P. Davison.

Mr. LAMONT. Yes.

Senator LONG. And a complimentary reference relative to Mr. J. P. Morgan, such as "Mr. Morgan's statement was 'No, sir; it is because people believe in the man.'" Referring to a man obtaining credit.

Mr. LAMONT. Senator Long, that was the late Mr. Morgan.

Senator LONG. Was that the late Mr. Morgan?

Mr. LAMONT. Yes.

Senator LONG. O.K. Still better. Now, that happens to break, together with similar articles, along about the time of the investigation, and along during the investigation by some mishap, which you say you cannot explain, we have hurriedly sent from this same publication through the mails before they can ever get them into bound volumes of Collier's, this stuff to 435 Congressmen and 96 Members of the Senate, a castigation of a number of pages of a Member of the Senate who has denounced the Treasury for being dominated by the preferred employees of the House of Morgan. And yet you cannot understand, you say, this thing and that it is strictly an accident and something of which you had no notice and that you undertook in no manner to influence any publication.

Mr. LAMONT. Absolutely; I have no knowledge of it, Senator.

Senator LONG. That is all, Mr. Chairman.

The CHAIRMAN. That is all, Mr. Lamont.

Senator COSTIGAN. Mr. Chairman, before the witness leaves the stand, may I ask a question?

The CHAIRMAN. Yes.

Senator COSTIGAN. Mr. Lamont, I have just entered the room and am not familiar with the course of the questions to which you have been responding. I have been impressed, from my knowledge of your practical experience with banking and finance, and your educational equipment, that you have a philosophic mind and are concerned, as the members of this committee are, over the relations between Government and finance and industry. May I ask whether you feel that a large private banking business, such as that which you represent, ought to be free from Governmental supervision?

Mr. LAMONT. Well, Senator Costigan, that, of course—

Senator COSTIGAN. I have, of course, in mind certain legislative remedies which this committee will be called upon to apply.

Mr. LAMONT. Quite. That opens up a large field of endeavor, a large field to cover in the way of an answer, and I hardly feel that there is time to cover a question of the magnitude and importance which you put to me. I should say that a very careful inquiry ought to be made, prior to extensive legislation, as to the uses and/or, if you please, abuses of private banking and as to bankers who have given them such standing as they now have, so that the Senate committee would be apprised of the actual facts as to how these things have worked out in practice, and then could determine the bearing of those facts upon future legislation. On that point, after a possible interruption, I should like to enlarge.

Senator LONG. Mr. Chairman, I have found a couple of questions that I should like to ask.

Senator COSTIGAN. Senator, will you allow the witness to complete his answer?

The CHAIRMAN. Let him answer the question that was put to him.

Mr. LAMONT. This will take some time.

Senator COSTIGAN. Would you prefer at this time that we defer to Senator Long?

Mr. LAMONT. It is entirely agreeable.

Senator LONG. Mr. Lamont, I believe you are interested in the publication of the Harvard Classics, are you not?

Mr. LAMONT. The publication of the Harvard Classics?

Senator LONG. Yes.

Mr. LAMONT. No; I never had that honor.

Senator LONG. You did not know you were interested in that?

Mr. LAMONT. I know I was not interested in it.

Senator LONG. You didn't know that the Collier Co. published the Harvard Classics and the Popular Science Library? You didn't know that, did you?

Mr. LAMONT. If I ever knew it, I had forgotten it.

Senator LONG. Did you know that your company had anything to do with the American Magazine?

Mr. LAMONT. Did I know they are publishers of the American Magazine?

Senator LONG. You had forgotten that, had you not?

Mr. LAMONT. I had. Didn't I mention that?

Senator LONG. No; you didn't.

Mr. LAMONT. Yes. That should have been mentioned.

Senator LONG. It also publishes another magazine called the Country Home.

Mr. LAMONT. That is the new name, I guess, of the Farm and Fireside.

Senator LONG. I see that the Moody's Manual extract that I have here seems to report you as a director of the P. F. Collier Co. for 1932.

Mr. LAMONT. A what?

Senator LONG. A director of the P. F. Collier Co. Maybe they have—

Mr. LAMONT. That is incorrect.

Senator LONG. Does that mean the Crowell Publishing Co.?

Mr. LAMONT. I do not know what the P. F. Collier Co. is. Possibly that is the company that owns Collier's Weekly; but I do not know.

Senator LONG. Also the report that I have here indicates the following:

That the sole voting power of P. F. Collier lies in the 7 percent cumulative prior preferred stock of which one million five hundred thousand is outstanding, all owned by Crowell Publishing Co. The latter company also owns a majority of 80,000 shares of common stock outstanding.

Is that approximately correct?

Mr. LAMONT. I could not answer that. I am not familiar with the details.

Senator LONG. Do you ever read the American Magazine?

Mr. LAMONT. I look it over every now and then. I am sorry to say that I do not read it regularly.

Senator LONG. Do you read Collier's?

Mr. LAMONT. Not regularly.

Senator LONG. You would not know any reason why the Collier's Co. would have had Mr. Walter Davenport write a story on myself along about the first part of 1931, I believe it was, giving me credit for having smashed the ring in the State of Louisiana and broken up a corrupt political system, and then to have had the same author in the year 1933, during the Morgan investigation, picture me as having been elected as the result of political corruption? You would not know why such a change should mysteriously have taken place?

Mr. LAMONT. I do not know the first article, nor did I know of the second article. Therefore I can imagine no situation such as you indicate.

Senator LONG. You do not remember reading either one of them?

Mr. LAMONT. No, sir.

Senator LONG. You would not know why this publication of yours—understanding the connection that you have with it—you do not know why this publication of yours would publish an article in 1931, playing up the virtues of Huey P. Long, at least some virtue of having put free school books into the hands of the children, and paved highways, and raised the standards of the university, and then to have had the same author, just after this Morgan investigation started and my criticism was made, write another article entirely opposite to the facts stated in the first? You would not know why that could have occurred?

Mr. LAMONT. I would not have the slightest knowledge. I have no knowledge of the matter, but I would be pretty certain that it had nothing whatsoever to do with this inquiry.

Senator LONG. And if the American Magazine, which published a very favorable, or at least not an entirely unfavorable article about me, should suddenly turn around and, since this thing started, write another about me like the Collier publication, you would not know anything more about that than you do about this?

Mr. LAMONT. I do not think I should consider it any more my business than I consider this.

Senator LONG. All right.

Mr. LAMONT. Is that all, Senator?

Senator LONG. That is all.

The CHAIRMAN. Proceed, Senator Costigan.

Senator LONG. Thank you, gentlemen.

Mr. LAMONT. Senator Costigan, it is hard to answer your question in a brief space of time. I shall not attempt to take up much of your time and that of the committee. It must be obvious from the fact that in the last 13 years something like 12,000 or 15,000 of our banking institutions in this country have folded up; but at the same time all those institutions were regulated and supervised by some governmental authority—it must be manifest that mere supervision and regulation are not the factors that lead to safety. Now, you take our institution. As Mr. Morgan described, in principle, when he first appeared on the stand, that institution as a private banking institution has not been subject to regulation except insofar as the New York State laws forbid it, in effect, to solicit the public for deposits; but during all of that same period that and most other

private institutions have been free from the losses to depositors that have come to these other institutions.

Senator COSTIGAN. Of course you do not mean to imply that the absence of supervision or regulation insures safety for banks?

Mr. LAMONT. Ah, no; and I am not for one moment, Senator Costigan, suggesting that so far as the financial institutions generally are concerned, there should be any less supervision. I think it is a matter of the nature of it rather than the extent. I am simply pointing out the fact that actually happened.

Now, so far as we are concerned, as I think Mr. Morgan has made or will make clear, we have for these years submitted our statements of condition to the Federal Reserve bank, and are always glad to do it. We are always glad to have our affairs examined by the Federal Reserve bank or any other constituted authority; but we do consider, speaking for ourselves, that the tradition of the house and the financial responsibility of the partners have been such as to lead us to conduct our affairs with unusual care.

Senator COSTIGAN. Without questioning your statement, should not the affairs of Morgan & Co. be submitted to the compulsory supervision of the Federal Government, on general principles?

Mr. LAMONT. Federal or State, do you mean, Senator?

Senator COSTIGAN. The State government or the Federal Government, or both.

Mr. LAMONT. Of course, we are a partnership in New York State, and offhand, unless there were some change in the law, I assume we could hardly come under Federal regulation. But so far as the State is concerned, we are under the regulation to the effect that we are subject to examination periodically to ascertain whether we are conforming to all the laws pertaining to private banks.

Senator COSTIGAN. So far as interstate transactions are concerned, would you be inclined to favor Federal supervision?

Mr. LAMONT. So far, Senator Costigan, as Federal supervision could be exercised through the Federal Reserve banks—the Federal Reserve bank in New York, for example—I should think it would be very welcome.

Senator COSTIGAN. May I ask you something about the concentration of wealth? It is my understanding that at the time of the Pujo investigation, in 1912 and 1913, it was estimated that the house of Morgan, through interlocking directorates and otherwise, and directly, was represented on corporations controlling assets of approximately twenty-two billions of dollars. Are you in position to say about how much of the corporate wealth of America is now touched, if not controlled, by the house of Morgan directly or through interlocking directorates?

Mr. LAMONT. Oh, no, Senator Costigan. I have no figures on anything approaching that, because, with great respect, I may say that that theory has never impressed us as possessing any soundness, any real soundness, at all. The theory of interlocking directorates, for example, is based on the idea that because I am a director of the Smith Co., and John Jones is also a director of the Smith Co., and also of the Brown Co., therefore I control the Brown Co. That has never been our experience.

You take, for example, that graph, or whatever you would call it, that was built up to that enormous extent. It was based upon the

theory that we absolutely control any banking institution in New York in which any of our members sit on the board of directors. To give you a concrete example, there are three banking institutions in New York on whose boards we sit. We have seven directors out of ninety-six. You can see to what extent we control those institutions.

Senator COSTIGAN. If you or Mr. Morgan happened to be one or two of those members of the board, do you not think your influence would be disproportionate to your number?

Mr. LAMONT. No, Senator Costigan; I really don't and that answer to you is based upon an experience on those boards of over 20 years. We very frequently differ from the other directors. I can recall instances, very recent instances, where we have differed very radically; and the strength of those institutions, sir, is in the independence of their management.

Senator COSTIGAN. Regardless of that answer, may I call your attention to the fact that in a recent book by Mr. Lewis Corey, entitled "The House of Morgan", published, I believe, about a year ago, it was suggested in some detail and, I think, by way of contrast to the figures at the time of the Pujo report, that the house of Morgan, either directly or through interlocking directorates, influences about \$74,000,000,000 of corporate wealth. Mr. Corey, I believe, says that the amount is or was approximately one fourth of the corporate assets of the United States. Do you know anything about the accuracy of those figures? And I now refer to "influence," if you prefer the word, as distinguished from "control."

Mr. LAMONT. Senator Costigan, I know nothing whatsoever as to just how those figures are built up; but from my own point of view, very respectfully, I should be unable to adopt even the word "influence," because I know that to have arrived at any figures like those they must have followed the process that I have described; that is to say, some Chicago man sits on a New York board on which we happen to sit. That Chicago man sits on a Chicago board on which a man from Oklahoma may happen to sit. In order to build up that theory, you know, we must control the man out in Oklahoma through that indirection when we do not know anything about the business and have no interest in it.

Senator COSTIGAN. You feel, then, that there is a popular illusion, or perhaps delusion, that the House of Morgan is much more powerful than it is in fact?

Mr. LAMONT. Yes; exactly, Senator. I feel that there is a very strong popular delusion which has been nourished, I do not say, by people insincerely. I have no doubt that a great many people have followed up this idea and have laid out these graphs and have said, "It must be so." But it just isn't so.

I don't want to make a speech here or to attempt it, but if I may point out one or two factors in the situation: We are credited with having what is known as power or influence; and we admit and are glad to admit that we hope that our counsels are of some avail in certain directions in sound finance. What is that derived from? Is it derived from money? Has the Morgan fortune ever been known as one of the great fortunes of this country? No. With all

due respect to Mr. Morgan and to his father, it has not been so known.

Senator COSTIGAN. Is it by any chance derived from the so-called "preferred lists"?

Mr. LAMONT. No. I do not think it is derived in any measure from the so-called "preferred lists" which we do not call them. And there, again, I hope Mr. Morgan will bring it out later, or any one, in regard to these 3 or 4 or 5 stocks that Mr. Pecora has brought out very carefully, in that sale in the year 1929, or whenever it was. That was about 3 percent, Senator Costigan, of the whole amount of the security business that we did in the last 13 years. Three percent. It was really, if I may say so—and I intend no disrespect, Mr. Counsel—it was very trifling. That is quite aside from the volume of our banking business.

We are some times credited with exerting influence because of our alleged large ownership in banking institutions. We own stock in only two banking institutions in New York City, the Guaranty and the Bankers, as I recall it, and there our holdings of stock are less than one half percent.

We are credited with influence by reason of large holdings in industrial companies. Our holdings in industrial companies are exceedingly small, the reason being that as prudent bankers we do not attempt to load up our portfolios with equity stocks, which we would have to if we attempted to hold large quantities of such stocks.

We are credited with controlling large deposits. That is not accurate. At times our deposits have been large, but on the whole those deposits have had to be utilized in the most cautious manner. They have not been able to be utilized for long-term operations because of the necessity of keeping them liquid. You spoke of that so-called "illusion." It is built up partly on the theory that we have large deposits in banking institutions, distributed all over the country, and that is contrary to the fact.

Senator COSTIGAN. You do concede, however, do you not, that it is not necessary to have 51 percent or more than 50 percent of the common stock of a corporation in order to determine, at least most of the time, the policies of such a corporation?

Mr. LAMONT. Oh, I should be inclined to agree with you, Senator Costigan, that if an organized minority, much less than 51 percent, were available it could probably run the company. But our stock holdings are not only minority; they are fractional.

Senator COSTIGAN. How small an organized minority in practice controls the policies of our major corporations?

Mr. LAMONT. I would not know how to answer that, and I do not think, in the sense you said, it could be done. And in practice it is not done. I mean by that, we have a difficulty in the conduct of our corporations, you know, Senator Costigan, in the fact that the ordinary common-stock holder does not take an interest in the affairs of his company; and it is natural that he should not so long as the company is properly and well managed. So that in the case of a large corporation, if its affairs are well managed the proxies go out, and they are given year by year without any let or hindrance.

Senator COSTIGAN. They ordinarily sustain the governing officers?

Mr. LAMONT. Quite; and that does not mean that there has been a minority organized to do that, at all.

Senator COSTIGAN. It is this tendency of the ordinary stockholder to support the executive officers which enables the organized minority in the long run to determine policies, is it not?

Mr. LAMONT. Yes; except that when you say that you rather intimate—the idea that there are a great many organized minorities; and that I do not think is correct.

Senator COSTIGAN. Whether organized or not—and I can understand that the minority may not be organized—it may not even be necessary to organize a small group who come together, let us say, at the time of the annual elections or the elections of officers and who are sustained by votes of absent stockholders who send in their proxies—they are in a very favorable position?

Mr. LAMONT. Yes, sir.

Senator COSTIGAN. Reverting again to Mr. Corey's statements, do you know any reason to doubt his suggestion, I think, with respect to 1929—apparently at that time there were 17 partners—as distinguished from your present larger number, who held many directorates. For example, it is asserted that you and your partners held 99 directorships in 72 corporations with combined assets of approximately \$20,000,000,000. Do you know any reason to doubt that general statement?

Mr. LAMONT. I should not wish to confirm it without looking it up, Senator Costigan. But it does not sound unreasonable that the boards of the corporations that we sit on have aggregate assets in factories and equipment, and all that sort of thing, to that amount. But as you well know, Mr. Corey and people generally back in 1912 always assumed that all the assets of every manufacturing or transportation corporation in the United States were liquid assets and were able to be mobilized at will all over the country; which of course is an entirely false assumption.

Senator COSTIGAN. Do you know any reason to doubt the further statement of Mr. Corey, that, eliminating duplications, the Morgan combination in 1929 was represented by directorships in corporations with net assets of approximately \$74,000,000,000?

Mr. LAMONT. Senator Costigan, I know that you want to be as careful as I do, and I would not want to say anything in affirmation of any figures like that, if you please, without having them checked back.

Senator COSTIGAN. In any event, you do recognize a growing and substantial concentration of wealth in the United States, do you not, Mr. Lamont?

Mr. LAMONT. I really do not think I should have said so, Senator Costigan. I have a general belief, and my experience is, that the shares of our industrial and railroad companies are being distributed further and further among the investors. If you will look at the annual reports of most of our leading companies you will see, I think, that year by year the number of stockholders increases steadily.

Senator COSTIGAN. Does that increase in the number of stockholders indicate a general increase in the wealth of individuals, considering the entire population of the United States?

Mr. LAMONT. I would think it indicated, with the exception of these last very sad and disastrous years, a very steadily growing investment power on the part of the American public, Senator Costigan.

Senator COSTIGAN. Have you seen such figures as were given out some years ago by the United States Industrial Relations Commission and the Federal Trade Commission on the growing concentration of wealth? My recollection is that in 1915 or 1916, when the United States Industrial Relations Commission issued its report, it found that approximately 59 percent of the wealth of the people of this country was concentrated in the hands of about 2 percent of our people; and the Federal Trade Commission in a report, I think, in 1926, found that approximately 1 percent of the people of this country then owned about 60 percent of the wealth of the country, which indicated a very rapid concentration of wealth in that brief period. Have you given consideration to such facts, alleged or facts?

Mr. LAMONT. No, sir; I have never had occasion to have those particular reports to which you allude, analyzed; but now that you have brought it up, I should be very glad to give my attention to them. Is it not true that in making those compilations they are very apt to consider mobilizable wealth rather than static wealth? Did they include farms in that category?

Senator COSTIGAN. My understanding is they took the entire census of the wealth of the United States for the purposes of their conclusion. It is my further recollection that in 1912, before the Pujo investigating committee, Mr. George F. Baker, whom you doubtless knew, a distinguished financier, testified in regard to the concentration of wealth at that time, in substance, that he thought it had gone far enough, and that if it got into bad hands it would be very bad; and he was asked—I believe the interrogator was Mr. Samuel Untermyer—whether he saw peril in that, to which he replied in the affirmative; that he was further asked:

Do you think that that is a comfortable situation for a great country to be in?

To which he answered:

Not entirely.

Have you any comment to make on the general situation about which I am inquiring? I am not endeavoring to be personal; I am trying to be impersonal, for legislative purposes.

Mr. LAMONT. Quite. I have no comment to make upon Mr. Baker's statement of 20 years ago, although I do not think that at that time, from what he told me afterward, he had in mind the same thing that Mr. Untermyer had in mind. But that is neither here nor there. I have not projected my mind to questions of measures of change so far as the handling of the corporate resources of this country is concerned, Senator Costigan. Our experience, of course, is that by and large the men in the American business world, the men that we do business with, are trying to do the honest and fair thing by their stockholders and by the American community as a whole. I think that although there have been exceptions, which are deplorable, these corporations of which you speak have been conducted in a manner aimed toward helping the public; but it is quite impossible for me to give offhand, much as I should like to do it for you, sir, a formula as to any change. But now that you have called my attention to those statistics I shall be very glad to have a study made.

Senator COSTIGAN. Mr. Lamont, do you know Mr. Arthur Reynolds, who was, or is, head of the Continental Illinois Bank & Trust Co., if he is still living?

Mr. LAMONT. I used to have a slight acquaintance with Mr. Reynolds; yes, certainly.

Senator COSTIGAN. I am informed, and it is my recollection that Mr. Reynolds, testifying before the Pujo Committee, in answer to a question of Mr. Untermyer, said this:

I am inclined to think that the concentration—

Meaning, as I understood, the concentration of control of wealth and resources in this country—

that the concentration having gone to the extent it has, does constitute a menace.

Will you be good enough to give the committee the benefit of your judgment as to whether you concur in that view, thinking now of public welfare as paramount over private profit in America?

Mr. LAMONT. Quite. And I think that is the point of view from which every self-respecting American business man does look at it, Senator Costigan.

I should not agree with Mr. Arthur Reynolds, because I fail to see this concentration of which so much has been spoken. It is true that it is not an easy thing to get as directors of corporations men who, by experience and capacity, are equipped to direct the policies of those corporations, and it frequently happens that the same man is drafted over and over again because of his character and capacity as a director, just the same as you will find in the small town, Senator Costigan, such as I was brought up in, or perhaps you, that a few of the leading men of the community are in almost every local industry. You see? And it gives the appearance, therefore, because these men are drafted over and over again, of a concentration, which in fact it does not seem to me exists, and I do not see that the operations of one corporation necessarily impinge at all upon the operations of another corporation. I only know from my experience that these directors are sometimes overburdened with their duties and they do not sit on those boards for the purpose of bringing about a concentration or bringing about a control. They sit on those boards because they are invited to in order to serve the community. And as long as that is their attitude, I do not really see the dangers of this so-called "concentration", and it does not seem to me that it exists.

Senator COSTIGAN. Personally, I am apprehensive about the future of America under the conditions we have been discussing. Am I to infer that you regard those conditions as wholesome?

Mr. LAMONT. I regard the corporate activities of our country as a whole, as on the whole, wholesome. That is to say, I regard the corporate management of our corporations as on the whole good.

Now, when you come to analyze those corporations, you at once have to differentiate. You take the railroad corporations, the transportation industry, and you see right away that the management is controlled by the Government already. The Interstate Commerce Commission states just how the railroads' accounting methods, their rates, everything to do with them, the prices at which they shall issue their securities, shall be conducted.

In the same way you come to the question of the public utilities, and there the public-utility bodies again are charged with the duty of supervising those companies.

That leaves the ordinary industrial corporations, we will say; and now we have the Federal Trade Commission that is supposed to keep its eye on those.

But I do not see how, even with the lapses that occur now and then, I do not see just any fundamental weakness in the corporate structure of American business corporations.

Senator COSTIGAN. Is that not because you regard present corporate conditions as inevitable rather than desirable?

Mr. LAMONT. Well, no, I don't think so, although I think that the organization of the modern corporation, of course, was inevitable, that it had to be done. We could not carry on the whole business of the country through private funds as the units grow so large. I do not think it is due to that necessarily.

Senator COSTIGAN. If the chairman and counsel will indulge me for just a moment longer, I think I may complete my inquiry.

The CHAIRMAN. Proceed.

Senator COSTIGAN. Mr. Lamont, there is great concern in this country among certain groups of citizens who are interested in the promotion of peace in the world, over corporate activities, over which, as they view the landscape, popular opinion has little influence. May I ask you with what munitions companies your bank is connected?

Mr. LAMONT. With none, so far as I know, sir.

Senator COSTIGAN. Are there no joint boards on which you are represented?

Mr. LAMONT. No. No. The only—I don't know of a munitions company, except the Du Pont and we are not on the Du Pont board.

Senator COSTIGAN. You have some relation to the Du Pont's organization, have you? If so, what?

Mr. LAMONT. No; we have no relationship that I know of to the Du Pont organization, and I say that subject to any correction. Two of my partners are members of the board of the General Motors Co., in which we happen to know that the Du Ponts are largely interested.

Senator COSTIGAN. Do you participate—

(Mr. Lamont conferred with Mr. George Whitney.)

Mr. LAMONT. Mr. Whitney reminds me, which had gone out of my head, that we sold one issue of preferred stock of the Du Pont Co. to enable them to go into the nitrate business. That had gone out of my mind.

Senator COSTIGAN. For the manufacture of T.N.T. and other explosives?

Mr. LAMONT. No, no.

Mr. WHITNEY. The rayon industry.

Senator COSTIGAN. The rayon industry as distinguished from munitions?

Mr. WHITNEY. And the nitrate industry.

Senator COSTIGAN. That is in the chemical field of the Du Pont establishment?

Mr. WHITNEY. Their accessory field; yes, sir.

Senator COSTIGAN. And that corporate organization does branch out into medicinals on the one hand and explosives on the other?

Mr. WHITNEY. All kinds.

Senator COSTIGAN. And other industrial developments.

May I ask whether the house of Morgan is represented on Vickers, I believe it is called, the English munitions manufacturing concern?

Mr. LAMONT. No, sir. No interest whatsoever, Senator Costigan. No representation on the board at all.

Senator COSTIGAN. Is that true of all foreign munitions plants?

Mr. LAMONT. Yes, sir; so far as I know.

Senator COSTIGAN. Of which you have any knowledge?

Mr. LAMONT. So far as I know, absolutely.

Senator COSTIGAN. In France or in Germany?

Mr. LAMONT. Certainly in France and certainly in Germany.

Senator COSTIGAN. You have no relations with Krupp in Germany?

Mr. LAMONT. Certainly no relations to Krupp in Germany, nor to any industrial company, it so happens.

Senator COSTIGAN. Nor have had in the past?

Mr. LAMONT. Nor have had in the past.

Senator COSTIGAN. You have, however, made various foreign loans to Japan and Manchuria, and certain South American states, have you?

Mr. LAMONT. We have made a good many foreign governmental loans, and I think that you will probably—members of this committee will—be a little tired of hearing us say, as we do each time the subject is brought up, that of all the foreign loans, aggregating upward of \$2,000,000,000 that we have issued since the war, there are none in default.

Answering your question directly, Senator Costigan, the only South American loan or loans that we have issued since the war have been those to the Argentine Republic, which, of course, are continuing their course uninterruptedly, and one loan to the Republic of Chile, which was paid off.

Now, you said something about Manchuria. No; we have never made any loan to Manchuria. We have made two loans to the Imperial Japanese Government and one or two to Japanese municipalities, guaranteed by the Japanese Government.

Senator COSTIGAN. I think there is but one other question which I should like to ask. It is my understanding that three directors of your partnership are directors of the United Corporation, and that the United Corporation controls the Commonwealth & Southern, a holding company which has among its subsidiaries Alabama Power, Tennessee Electric, Georgia Power, Mississippi Power, and the Gulf Electric Co. of Florida.

Some recent hearings were held before a committee of the House of Representatives on the possible development by the Government of Muscle Shoals, incidental to which, as you know, electric power is produced. At that hearing various officers of the companies I have named, that is, those subsidiary companies beginning with Alabama Power, under the chairmanship of Mr. Wendell Wilkie, president of the Commonwealth and Southern, appeared to oppose the provision of the Muscle Shoals bill permitting the Government to construct transmission lines.

Is it a fair inference that the House of Morgan is interested and concerned itself either directly or through subsidiaries in appearances of this sort and in lobbying activities which are commonly known to have been carried on around Washington in opposition to Federal development of Muscle Shoals?

MR. LAMONT. No, Senator Costigan. I will answer that if I may, in a general sense, and then as to any detailed inquiries I should like to have my partner, Mr. Whitney, if you please, and if it please the chairman, on the stand, because he is familiar with the United Corporation.

But in a general sense we are not interested in any lobbying tactics at Washington. We do not appear here and we do not send representatives over here. If we are invited here from time to time to express our opinions on matters having to do with any particular financial legislation, we come here only and talk with you, sir, and with your colleagues or members of whatever committee it may be.

SENATOR COSTIGAN. I regret to say that you have not done me the honor of talking to me about any legislation.

MR. LAMONT. Will you permit me in the future to do so?

SENATOR COSTIGAN. Is it conceivable, Mr. Lamont, that the officers of these subsidiary companies should urge or oppose legislation in Washington without the approval of J. P. Morgan & Co. or its representatives in the holding company?

MR. LAMONT. Decidedly, Senator Costigan.

SENATOR COSTIGAN. Or any of the partnership.

MR. LAMONT. Without even our knowledge, Senator Costigan, although that may seem unusual to you. But I can assure you that that is the fact, because, as Mr. Whitney must have made clear in his testimony and as we have all tried to say, we do not operate these companies in which we sit on the boards, and those like United where they have an interest. The operations are left to the people in charge, to the officers in charge.

Now, in the case that you speak of, if it appeared to the local power companies in Alabama and Tennessee that this was a bill which was destructive to the interests of the community they would have a right to appear, of course, without our knowledge and undoubtedly with our knowledge.

SENATOR COSTIGAN. Mr. Whitney, did you start to say something?

MR. WHITNEY. Senator Costigan, may I explain a minute?

SENATOR COSTIGAN. Certainly.

MR. WHITNEY. I have already testified as to Commonwealth & Southern. While the United owns in that corporation something like 5 percent only, United Corporation came into possession of those shares through a merger of a company in which it owned other shares, which incidentally is owned by Commonwealth & Southern, called Allied Power & Light. No member of our firm has ever been a director of Commonwealth & Southern. The management is completely divorced. We know less about it than any of the units within the United picture at all. The very large holding of the Commonwealth & Southern is held by the American Superpower, who is also a shareholder in United, and, as far as United goes, United has no representation on the Commonwealth & Southern board as such, although the president of Commonwealth & Southern is on the United board, Mr. B. C. Cobb. This question you spoke of, United

has nothing to say, I can assure you, and has nothing to do with Commonwealth & Southern, and we have no control except in an indirect way by a relatively small holding.

Senator COSTIGAN. Mr. Whitney, doubtless what you say is in accordance with the understanding of the facts that you have, but a suspicion persists in the public mind that at any time it desires to do so the dominating influence of the House of Morgan may draw reins on any subsidiary corporation. Have you any comment to make on that?

Mr. WHITNEY. I could not possibly better Mr. Lamont's comment than that we perhaps recognize that as a delusion, but I certainly know that it is not so.

Senator COSTIGAN. Mr. Chairman, before Mr. Lamont proceeds, since Mr. Whitney has spoken, may I ask one question which I intended to ask before this meeting adjourned?

The CHAIRMAN. Proceed, Senator.

Senator COSTIGAN. Mr. Whitney, some days ago I asked you about the appearance of the name of Mr. Edgar Rickard upon the preferred list of the United Corporation. At that time as I understood the testimony it was indicated that those who were on the preferred list were either wealthy and in the investing class or that they were friends of the House of Morgan or its representatives. When questioned about Mr. Rickard—and I was uncertain whether it was Mr. Rickard, because on the list which I first saw the name appeared Richard——

Mr. WHITNEY. Yes.

Senator COSTIGAN. You replied that you did not know why Mr. Rickard was included in the list and gave the impression at least to me that Mr. Rickard was not among the friends who would naturally be selected. In any event, you promised to inquire further and explain to us why Mr. Rickard was given this preferential opportunity and whether it was in any sense because he represented in a business way ex-President Hoover. Will you be good enough to reply to that question now, or later?

Mr. WHITNEY. I am afraid that I cannot comply with your request as fully as I would like to, because we have not been able to get an adequate answer. I can merely assure you that the latter suggestion or reason had nothing to do with it. Of course, Mr. Rickard is a well-to-do man as I understand it, but I have made inquiries through our office and nobody can remember who suggested him particularly or why he was there. It may have come, as I said, certain of the people on the list may have been suggested by others, and we, I think, find that several of the partners knew Mr. Rickard, not well. But I have not been able to find out any reason as far as I can make out why he was on there, but I am sure that the consideration you mentioned, he would certainly qualify as a man well enough to be perfectly able to buy United shares, I think it was 300 shares.

Senator COSTIGAN. Four hundred, as I recall it.

Mr. WHITNEY. But I have not been able to find anybody to qualify as the suggester of Mr. Rickard.

Senator COSTIGAN. Mr. Rickard is a former resident of Denver, and there is considerable interest in Colorado over the selection of his name.

Mr. WHITNEY. He has done a certain amount of engineering work in certain copper companies that we have been interested in. But we have inquired among the 9 or 10 of us down here and we just have not been able to find anyone of us that suggested him.

Senator COSTIGAN. Mr. Chairman, I wish to thank the witnesses and the Chairman and counsel for their courtesy in permitting me to interrogate.

The CHAIRMAN. We have been very glad to have you ask questions, Senator. May I ask Mr. Lamont just one question. Assuming that there is a pronounced tendency toward the concentration of wealth in this country getting into the hands of comparatively few people, the real wealth and resources of the country, and assuming that to be a menace, which I think it would be if that existed. If that is a fact, what would be in your judgment a remedy for that sort of thing? What method would you adopt to correct it?

Mr. LAMONT. Senator Fletcher and Mr. Counsel, you put it up to me pretty hard to suggest the sort of legislation to remedy that, to remedy conditions that actually I believe do not exist. I believe that instead of increasing concentration in this country there is increasing scattering of or increase of the spread of wealth among the smaller people all the time.

That process, you recall, started with the Liberty Loan campaigns in the war in 1917, when an entirely new class of investors in the United States sprang up. Under the urgency of the Government and encouragement of the Government that tendency has steadily increased ever since, and while that tendency received a very sad setback in 1929, because the whole country went mad with speculation, not only in securities but in real estate and farm lands and everything else, nevertheless on the whole the tendency I believe is to diffuse wealth rather than concentrate it.

The CHAIRMAN. I see. Then would you suggest any method for increasing this diffusion or adding to it in any way; or do you think it is going on in a natural, ordinary way?

Mr. LAMONT. Over the years I think, Senator Fletcher, it will go on in a natural, ordinary way so far as possible, but of course it had a very rude interruption in the overspeculation of 1928 and 1929. A bull market for this country or any other country is always very much more detrimental to the country and to our citizens and to our wages earners than any bear market.

Senator COSTIGAN. Mr. Chairman, may I ask one other question of Mr. Lamont?

The CHAIRMAN. You certainly may, Senator Costigan.

Senator COSTIGAN. Mr. Lamont, Mr. Justice Brandeis some years ago used an intriguing phrase as the title of a book which he published. It was *Other People's Money*.

Is it fair to say that such influences as the House of Morgan exercises over the financial and industrial and political life of America, which you apparently consider very slight, which others regard as very substantial, grows out of the use by a private banking house of other people's money in America entrusted to it in one way or other for safe keeping or investment?

Mr. LAMONT. No; Senator Costigan. I should not agree with that thesis, and I did not mean to intimate to you that such influence

as the firm of J. P. Morgan & Co., extended was necessarily slight. We hope that in sound directions it is much more than slight.

Senator COSTIGAN. It is in fact substantial, isn't it?

Mr. LAMONT. I should think it were substantial, but it does not arise from the use of other people's money.

Senator COSTIGAN. Is it in any directions monopolistic or nearly so?

Mr. LAMONT. I should say decidedly the contrary. On the contrary, we encourage every other house to do as much business as possible. We have frequently refrained from doing possible business in favor of our so-called "competitors." As a matter of fact, I had a long talk with Justice Brandeis at the time he was bringing out that book. We spent an afternoon together on it, and I entirely failed to convince him and he entirely failed to convince me.

Senator COSTIGAN. And, so far as you know, he still remains unconvinced?

Mr. LAMONT. He still remains recalcitrant.

Mr. PECORA. Mr. Lamont, in the course of the very interesting discussion that has been brought here through the medium of your examination by Senator Costigan and Senator Fletcher, reference has been made to and use has been made of the term "concentration of wealth." You have indicated your opinion firmly to be that there is no concentration of wealth. Do you recognize that there is a distinction between concentration of wealth and concentration of the control of wealth?

Mr. LAMONT. Well, yes; there might be. There might be.

Mr. PECORA. And it would be possible to have a concentration of the control of wealth without having a concentration of the wealth itself, would it not?

Mr. LAMONT. Under our present system of corporation management I should agree even to that extent, Mr. Pecora.

Mr. PECORA. Well, Mr. Lamont, it has been testified to here by other witnesses, and I believe you, too, have made some acknowledgement of the fact in the course of your testimony this afternoon, that it was possible for an organized minority—I think that was the term used—to control at least to the extent of management a corporation. That would afford an instance of concentration of control of wealth as distinguished from concentration of wealth itself, wouldn't it?

Mr. LAMONT. Yes; that would, but I don't know any examples. I said in answer, I think, to a question of Senator Costigan's, who asked about the percentage that would constitute control, that an organized minority could control, but as a matter of fact I do not know such instances.

Mr. PECORA. You heard the testimony of Mr. O. P. Van Sweringen in the course of this week's hearings, haven't you?

Mr. LAMONT. Yes; I heard that.

Mr. PECORA. You heard him testify, among other things, that when he and his associates, a group of five or six individuals, bought some 73,000 of the common stock of the Chesapeake & Ohio Railroad Co. from the Huntington interests, that that block of stock represented not more than 15 percent of all of the outstanding stock of the company at that time, but that by their acquisition of it they were enabled to acquire management control of that railroad company. Didn't you hear that testimony of Mr. Van Sweringen?

Mr. LAMONT. I heard it in general, yes, Mr. Pecora.

Mr. PECORA. Wouldn't that constitute an instance of an organized minority that owned only 15 percent or less of the outstanding capital stock of an important railroad line, where they were enabled through that ownership to acquire management control over the entire line?

Mr. LAMONT. Well, Mr. Pecora, I think I would have to answer that this way: I was not familiar with all of the detail of the circumstances, and Mr. Van Sweringen's testimony, of course, as you point out, speaks for itself. But I had an idea at the time that their advent into Chesapeake & Ohio was welcomed very warmly by the great majority of the stockholders there by reason of their very high repute as managers of successful railways, and that, therefore, while in effect control may have been gained technically through a comparatively small holding, nevertheless, their advent met the approval of a very large majority of the stockholders.

Mr. PECORA. I do not recall any testimony that Mr. Van Sweringen gave along those lines, although it might have been the fact, as you assumed. But it would be much easier to obtain a concentration of control of wealth than it would be to obtain a concentration of wealth itself, wouldn't it?

Mr. LAMONT. To my mind—and I may be benighted in the matter—it seems that the idea of obtaining control of the concentration of wealth is quite fantastic. Our community, Mr. Pecora, is made up of such a large diversity of elements. The farming community is the one single community of the greatest wealth of this country, to start with. Nobody, unless they are going to do it under the farm bill, would have any idea of trying to control this greatest single source of our national wealth, and I think if you take up every phase of industry you would find that it could not be controlled or that it was subject to very strict governmental regulation.

Mr. PECORA. When I was speaking of concentration of wealth or concentration of control of wealth I was speaking of it in the same sense that I understood Senator Costigan and you were, namely, concentration of corporate wealth, which would exclude wealth of the country represented in its agricultural industry.

Mr. LAMONT. I see.

Mr. PECORA. Now, you are a director, are you not, of one or more banks?

Mr. LAMONT. I am a director of the Guaranty Trust Co. of New York, sir.

Mr. PECORA. Are you chairman of the board or of the executive committee of the board?

Mr. LAMONT. I am chairman of the executive committee.

Mr. PECORA. That gives you a power or influence equivalent to that which would be possessed by an executive officer of the bank, would it not?

Mr. LAMONT. No; I would not agree with you as to that, because I do not devote my time to the company at all, except to attend the meetings. I am under no retainer whatsoever. I simply preside at the meetings of the executive committee.

Mr. PECORA. But the powers of the executive committee and the powers that in turn you have as chairman of that executive com-

mittee of the board are powers that are comparable to those possessed by an executive officer, aren't they?

Mr. LAMONT. Well, of course, you have asked there, I think, two questions. I will answer the last one first. As chairman of the executive committee I have no power whatsoever, Mr. Pecora, beyond that possessed by any other member of that committee. If I happen to be absent, some other member presides. And there is no power that I have there.

Mr. PECORA. Well, the general powers possessed by the members of the executive committee of the board are in the nature of a pretty close supervisory power over the bank, aren't they?

Mr. LAMONT. Supervisory, Mr. Pecora, in the sense——

Mr. PECORA. Of policy? Power of determining policy.

Mr. LAMONT. Policies. That is it.

Mr. PECORA. Yes.

Mr. LAMONT. They would have the final determination.

Mr. PECORA. Yes.

Mr. LAMONT. Subject always to the board of directors.

Mr. PECORA. Yes. Now, from your experience in the field of finance generally, and particularly that portion of it that you have gained as a director of a commercial bank, do you think that the policy of public examination of the bank is a sound public policy?

Mr. LAMONT. Well, you see, Mr. Pecora, a company like the Guaranty Trust Co. of New York is subject—you speak of a public examination.

Mr. PECORA. I mean by that the examination, for instance, that is made of the Guaranty Trust Co. annually or twice a year under the laws of the State of New York by the State superintendent of banks in New York.

Mr. LAMONT. I see. There are three sorts of examinations that they are subject to. One, the one that you have just mentioned, Mr. Pecora, namely, the periodical examinations by the superintendent of banks. Another is the periodic examination by the clearing-house examiners. The third is the periodic examination by a committee of the board of directors which employs high-class public accountants to assist them in their work. So that those particular companies are thrice examined.

Mr. PECORA. But the only one of those three examinations made under the auspices of public authority is the examination made by the State superintendent of banks?

Mr. LAMONT. Right. Except insofar as the State law specifies that these directors shall make periodic examinations.

Mr. PECORA. Shall make periodic examinations and make reports of their examinations to the State superintendent?

Mr. LAMONT. To the State superintendent and to the board of directors.

Mr. PECORA. Yes. Now do you think that the examination of the bank by the State superintendent of banks is in the interests of sound public policy or is based upon a sound public policy?

Mr. LAMONT. Oh, I have never questioned it. I have never questioned it. It does not always work well, as we have had one or two sad instances; but I have never questioned it.

Mr. PECORA. And one of the elements entering into that public policy which you say justifies these provisions of law for an exam-

ination of a bank by the public authorities is the social relationships, so to speak, of the bank to the community that it serves; would you say that?

Mr. LAMONT. Well, I do not exactly know what you mean by the social relationships.

Mr. PECORA. Well, let us define it a little bit further. The bank is the custodian of moneys intrusted to it by its depositors.

Mr. LAMONT. Quite.

Mr. PECORA. Drawn from the ranks of the public. And it makes investments and reinvestments and other dispositions of those moneys.

Mr. LAMONT. Quite.

Mr. PECORA. And the bank is accountable to the depositors for the safe, sound custodianship of those moneys.

Mr. LAMONT. Quite.

Mr. PECORA. And the bank also serves the needs of the community through the extension of credit from these deposit accounts.

Mr. LAMONT. Yes; certainly.

Mr. PECORA. Yes. Now, those are the items which I group together and call clumsily, perhaps, a social relationship which a bank bears to the community which it serves.

Mr. LAMONT. Quite.

Mr. PECORA. Yes. That relationship is one of the factors that makes the principle of the examination of such a bank by public authority a sound one?

Mr. LAMONT. I do not question it.

Mr. PECORA. No. Well, now, are not those same relationships entered into by a private banking firm that accepts for deposit moneys of individuals and corporations and loans those moneys for various purposes?

Mr. LAMONT. Well, you see, Mr. Pecora, as I think both Mr. Morgan and Mr. Whitney tried to make plain in their testimony, the relationship is really a very different one. The relationship is a much more limited one because by law we are not permitted to solicit deposits from the public generally. Therefore to the general public we do not occupy that same relationship of which you speak. We are not permitted under the law to have the custody of trusts and all that sort of thing. As a matter of fact, we do not conduct a commercial bank in the active sense of that term. And for that reason I do not think the relationship is on all fours.

Mr. PECORA. I recognize those differences. But essentially the private banking firm of J. P. Morgan & Co. functions in the same general fashion as does a commercial bank to the extent that it receives and accepts deposits from private individuals and corporations and loans those deposits or investments——

Mr. LAMONT. Yes.

Mr. PECORA (continuing). In one fashion or another.

Mr. LAMONT. Yes.

Mr. PECORA. To that extent at least the functions of your banking firm are similar to those of a commercial bank, isn't that true?

Mr. LAMONT. To that extent.

Mr. PECORA. Now, in view of that, would you say that the private bank so functioning should also be made subject to examination by private authority?

Mr. LAMONT. Well, of course, as has already been testified, we are already subject to examination by the superintendent of banks to see whether we fall into the category that requires minute examination.

Mr. PECORA. Ah, but that examination is only for the purpose of enabling the State superintendent of banks to determine whether or not you conduct your banking operations in a manner that would subject you to the kind of examination that State banks in New York are amenable to under the law.

Mr. LAMONT. Right.

Mr. PECORA. Those are two entirely different kinds of examinations, aren't they?

Mr. LAMONT. Well, but they lead to the same end, because if they see that we are getting out of our class at all and are really soliciting small accounts from the public, then we fall under their complete authority immediately.

Mr. PECORA. Now, if they lead to the same end, as you say, tell me this: Has there ever been made an examination of the banking business of J. P. Morgan & Co. by the State superintendent of banks of the same kind and nature that you as a director of the Guaranty Trust Co. know he makes of that bank?

Mr. LAMONT. Oh, no. Oh, no.

The CHAIRMAN. Is the Guaranty Trust Co. a member of the Federal Reserve System?

Mr. LAMONT. Yes; the Guaranty Trust Co. is a member of the Federal Reserve System.

Mr. PECORA. Do you think that a law subjecting the bank or the private bank of J. P. Morgan & Co. to the same kind of examination as the State superintendent of banks is required by law to make of State banks in the State of New York would violate a sound principle or public policy?

Mr. LAMONT. No; I do not think it would violate anything of vast importance, Mr. Pecora. As Mr. Morgan testified, I do not think it would be essential, but I do not think it would violate anything that we should object to.

Mr. PECORA. You would not object to that?

Mr. LAMONT. I do not think that we should object to examination by any properly constituted authority that it was felt wise should conduct an examination.

Mr. PECORA. Well, do you object now, or would you object to an examination of the affairs and the conduct of the banking business of J. P. Morgan & Co. similar to that which is made by the State superintendent of banks in the State of New York of State banks?

Mr. LAMONT. Why, I do not think I should be prepared to answer that question offhand, Mr. Pecora. Because we have just finished, as Mr. Whitney testified, an examination, an outside examination, and as to the question of the law, we do not envisage that at all.

Mr. PECORA. Oh, no; I have not asked you that as a question of law. I have asked you that as a matter of public policy. Would you be opposed to such an examination as a matter of public policy?

Mr. LAMONT. I do not think that we should be opposed to it at all; no. But I do not—

Mr. PECORA. Would you favor it?

Mr. LAMONT. I do not know until—I should like to have a chance to study the matter, Mr. Pecora.

Mr. PECORA. Well, can we not find reasonably the answer to the question of whether or not you would favor it in the fact that has been admitted here a number of times that the firm of J. P. Morgan & Co. are astute to see to it that the manner in which they conduct their banking business is such as will not render them subject to examination by the State superintendent of banks in New York?

Mr. LAMONT. May I ask the clerk to read that?

(Thereupon the last question was read by the reporter, as above recorded.)

Mr. LAMONT. I am afraid that I do not follow that inquiry fully. It credits us with a degree of astuteness in some directions that I do not quite understand.

Mr. PECORA. Well, let me use another term then, and recast the question.

Mr. LAMONT. Fine.

Mr. PECORA. It is a fact, is it not, that J. P. Morgan & Co. take special care to conduct their banking business, their private banking business, in a manner that will not subject them to the kind of examination at the hands of the State superintendent of banks which that officer is required by law to make of State banks?

Mr. LAMONT. Oh, I would not put it in that way, Mr. Pecora, would you? All we do is to see to it that we do comply very strictly with the law. The reason that we do that is to comply with the law, and not for the purpose of evading examination by the superintendent of banks.

Mr. PECORA. But the law that you are now talking about as one that you see to it that you comply with, is that provision of the law which leaves the State superintendent of banks in New York without power to examine your bank in the same manner that he examines State banks?

Mr. LAMONT. Well, that may be so. We do comply very strictly with the law; there is no doubt about that; and complying so strictly as we do, the bank superintendent does not at present examine us. No doubt about that.

Mr. PECORA. Now, because of that fact, is it fair to say that the firm of J. P. Morgan & Co., or its constituent partners, are not in favor of having their private bank subjected to the kind of examination by the State superintendent of banks in New York that he makes of State banks?

Mr. LAMONT. No; I would not think that that was a fair assumption, Mr. Pecora. I do not know how fully Mr. Morgan would agree with me, or my other partners, but speaking in general, and to get at the root of the matter, I do not think that there would be the slightest objection on the part of anybody in our firm to periodical examination by duly constituted public authorities, and in that category I do include the Federal Reserve bank.

Senator KEAN. Mr. Lamont, when an examination is made of the Guaranty Trust Co. it takes the examiner about 2 weeks, does it not?

Mr. LAMONT. Oh—

Mr. PECORA. More than that.

Mr. LAMONT. I should think more than that.

Senator KEAN. More than that.

Mr. LAMONT. But it is a very extensive examination, Senator Kean.

Senator KEAN. In other words, you have your whole office upset for 2 weeks; is that right?

Mr. LAMONT. Well, there is a good deal going on during those examinations, certainly.

Senator KEAN. I mean to say that I have gone through this with a good many bank examinations, and they come in and they occupy 2 or 3 weeks making an examination, and in that time why your corps is so upset that you cannot do any business. Is that so?

Mr. PECORA. May I say—

Mr. LAMONT. On that point, Senator Kean, I think it was Mr. Pecora that asked Mr. Whitney a few days ago how many men Price, Waterhouse & Co. put in our shop to check us up, and he looked it up and found that 172 men—was it not—marched in there. So that there is something in what you say.

Senator KEAN. And, in addition to that, you would have to pay for the examination.

Mr. LAMONT. Well, that is all right. We would not mind that.

Senator COSTIGAN. That is the least of your embarrassments.

Mr. PECORA. Is it the thought of Senator Kean, may I ask, with all respect, that because these periodical examinations of commercial banks by public authorities may to a certain extent disrupt or dislocate the personnel of the bank during the time of these examinations, that such examinations are unwise and should be dispensed with?

Senator KEAN. Oh, no.

Mr. PECORA. No.

Senator KEAN. Oh, no. I do not say that at all. But I do say that they are a perfect nuisance when they are in the middle of that examination, if you are very busy in the bank.

Mr. PECORA. Well, you would not advocate that because they are a nuisance in that respect the law requiring it should be repealed?

Senator KEAN. Oh, no; no, no. I do not agree with that at all. I believe in it. But just the same do I believe also in having public accountants come in and examine your firm.

Mr. PECORA. The taking of inventory by a commercial house is frequently a nuisance to the commercial house.

Senator KEAN. Yes.

Mr. PECORA. But it is a wise thing to take inventory in a commercial house.

Senator KEAN. Yes.

Senator COSTIGAN. Senator Kean, you have no objections to such examinations in the case of your own banking house?

Senator KEAN. No.

Mr. LAMONT. Mr. Pecora, may I say—

Senator COSTIGAN. Mr. Pecora, may I ask the witness, if it will not divert your examination, one further question so I may return to the Senate?

Mr. PECORA. Certainly, Senator. It will not divert my examination.

Senator COSTIGAN. Mr. Lamont, I am advised that a Mr. LeBoeuf, who is unknown to me, but who is said to be the counsel, or one of the counsel now with the partnership of J. P. Morgan & Co., recently

appeared before the Finance Committee in opposition to the levying of a tax on electric energy on the producing companies as distinguished from the consumer. Do you know whether that is true or not, or do you know Mr. LeBoeuf?

Mr. LAMONT. I am acquainted with Mr. LeBoeuf. He is not a counsel of our firm nor ever has been.

Senator COSTIGAN. Then my further inquiry is not important, which was to develop whether he would thus appear here, if he were your counsel, without your knowledge or consent.

Mr. LAMONT. Oh, no; if he were our counsel, no. We did not know that he did appear.

Mr. PECORA. Now, Mr. Lamont, I started to ask you, before Senator Costigan asked leave to intervene, a question to which you made an answer, in which you said something about an examination of the banking business of J. P. Morgan & Co. by the Federal Reserve bank. As a matter of fact, Mr. Lamont, does the Federal Reserve bank make an examination of the banking business of J. P. Morgan & Co. as that term is ordinarily understood?

Mr. LAMONT. No, sir.

Mr. PECORA. No. Were you not in fact in that statement referring to the fact that once a year for the past few years J. P. Morgan & Co. have furnished to the Federal Reserve bank a statement of its financial condition in the form somewhat of a balance sheet?

Mr. LAMONT. No, Mr. Pecora; I was not referring to that. It is true that we do, and that has been our practice for a good many years, as Mr. Morgan testified. But when I made that suggestion I had something distinctly more in mind. And the reason that I threw out the suggestion—and I merely threw it out as to the Federal Reserve bank because it was so competent—was this. It is not a matter of objecting to examination by the superintendent of banks of the State of New York at all. But let me point this out, that the superintendent's office has an enormous task on its hands. It has institutions running up into the thousands that it has to examine. It has a limited corps of workers. And we have a great respect for that department of the State. And yet it sometimes happens that we think that the examinations of institutions in New York conducted by their own responsible directors with the help of an outside audit, and conducted by the clearing-house banks, is, perhaps owing to more time available, more efficacious than that of the superintendent of banks. And yet I am not criticising the superintendent of banks at all. The present incumbent of the office is a very high-minded man of great capacity.

Mr. PECORA. Why, the remedy for that would be by such additional appropriation as would equip the State superintendent of banks with a large enough examining personnel to adequately examine all of the banks, would it not?

Mr. LAMONT. Perhaps. Perhaps. But we have to recall, and we have to recall it with a good deal of regret, that in the last dozen years or so institutional banks all over this country have been steadily examined by the State superintendent of banks—State institutions have—and the result has not been sufficient to keep them out of danger.

Mr. PECORA. Well, take, for instance, the recent case of the Harri-man National Bank in the city of New York; the directors of that

bank presumably made the board examinations of that bank without disclosing what was ascertained by the national-bank examiners sometime last year, according to public reports of the fact.

Mr. LAMONT. But, Mr. Pecora, may I point out that the Harriman National Bank was a national bank and not under the supervision of the State superintendent of banks.

Mr. PECORA. But the kind of examination made by the national bank examiners is similar to that made by the examiners of the State superintendent of banks, is it not?

Mr. LAMONT. I assume that it is similar.

Mr. PECORA. Yes. And according to recent public reports the clearing-house examiners examined the Harriman National Bank without disclosing or bringing to the surface, so far as public report informed me, the facts that were ascertained about in July or June of last year by the national bank examiners. Is that so?

Mr. LAMONT. Well, of that I have no knowledge, Mr. Pecora.

Mr. PECORA. Now, do you approve in principle of interlocking bank directorates?

Mr. LAMONT. Well, I do not know exactly what you mean by the principle of interlocking bank directorates, Mr. Pecora.

Mr. PECORA. Well, let me put it this way. Do you approve in principle of a man being permitted to sit on the board of more than one bank in the same community?

Mr. LAMONT. Well, as I understand it under the law now existent he is permitted to sit on the board of more than one bank only with the consent of the Federal Reserve Board of Washington.

Mr. PECORA. Yes.

Mr. LAMONT. And with that consent I see no harm.

Mr. PECORA. Well, that applies to Federal Reserve banks, does it not? Banks that are members of the Federal Reserve System?

Mr. LAMONT. No; it applies also to others. He could not go on the board of a State institution without that permission if he were on the board of a national bank, or if he were on the board of a State institution he could not go on the board of a national bank without that permission.

Mr. PECORA. Do you think, generally speaking, that it is sound public policy to permit a man to sit on the boards of more than one commercial bank?

Mr. LAMONT. Oh; I do not think that it is unsound, Mr. Pecora. I think it all depends upon the circumstances of every individual case.

Mr. PECORA. Well, now, commercial banks compete with private banks to an extent, do they not?

Mr. LAMONT. To a limited extent. Very limited.

Mr. PECORA. As a partner of J. P. Morgan & Co aren't you relatively in the position of a director of a banking business?

Mr. LAMONT. No. I am one of the managers of it, really.

Mr. PECORA. What is that?

Mr. LAMONT. I am one of the managers of it, really.

Mr. PECORA. Well, as one of the managers you are something equivalent to a director of a bank, aren't you?

Mr. LAMONT. Very well.

Mr. PECORA. And as a member of the board of the Guaranty Trust Co., and particularly as chairman of the executive committee of that

board, you have a good deal of influence in the determination of the policies of that bank?

Mr. LAMONT. I have the same as any other director, Mr. Pecora, on the general policies.

Mr. PECORA. Won't you admit something more than that, because you are chairman of the executive committee of the board?

Mr. LAMONT. No; I would not venture to attach any additional importance to that. I simply preside at the meetings. I am not even mentioned on the stationery, Mr. Pecora.

Mr. PECORA. Now, it has been testified to here by one or more of your partners that the firm of J. P. Morgan & Co. as a firm or as an entity is a partner of the English banking firm of Morgan, Grenfell & Co.

Mr. LAMONT. Yes.

Mr. PECORA. And as such partner it is liable for the obligations of that English firm, that English banking firm.

Mr. LAMONT. I think so.

Mr. PECORA. And that is also true of the relationship which J. P. Morgan & Co. bears to the French banking firm, Morgan et Compagnie, in Paris.

Mr. LAMONT. That is true; and in the same way that it is liable for their liabilities it also has the advantage of their resources.

Mr. PECORA. Yes. Now have the resources of Morgan, Grenfell & Co. and of Morgan et Compagnie been made available and actually been used by J. P. Morgan & Co. or Drexel & Co.?

Mr. LAMONT. Oh, no; not in that sense.

Mr. PECORA. Well, have they been, in any sense? I was not confining it to any particular sense.

Mr. LAMONT. No; except that in the way in which we regard our whole condition we have a regard for the high liquidity of those two firms as well as for our own.

Mr. PECORA. Is it correct to say that because of this liability which the firm of J. P. Morgan & Co. has for the obligations and indebtedness of Morgan, Grenfell & Co. and Morgan et Compagnie of Paris, that the resources of Morgan & Co. are more or less drawn into the maelstrom, so to speak, of European or international finance?

Mr. LAMONT. Oh, no, Mr. Pecora. They are kept entirely separate. They are performing their own functions. They do their own business. We do ours.

Mr. PECORA. But J. P. Morgan & Co. in New York are liable to the full extent of their resources for the obligations and indebtedness of the English and the French firms?

Mr. LAMONT. Ah, yes; that is technically so. And also, as I say, we know all about their resources.

Mr. MORGAN. Mr. Pecora, may I put in a word there?

Mr. PECORA. Certainly.

Mr. MORGAN. With regard to the partnerships of Morgan, Grenfell & Co. and Morgan et Compagnie, we know our liability if things go wrong, but we regard them as a very great asset. They have got a long history behind them, and they are fine houses, both of them. I do not like them to be treated this way, as sort of semibankrupt concerns that we have got to support.

Mr. PECORA. Have I indicated in any way, Mr. Morgan, by any questions that I have asked, that I regarded them as semibankrupt?

Mr. MORGAN. Well, you seemed to include them always as a vast liability, and drawn into the maelstrom of European politics, and all that sort of thing. I just wanted to put in a word, that is all.

Mr. PECORA. Well, I do not know what question I have asked or statement I have made here that should have led any one to infer that it was my belief or my purpose to show that Morgan, Grenfell & Co. or Morgan et Compagnie were bankrupt or semibankrupt, or were anything but sound, flourishing concerns.

Mr. MORGAN. They are; I assure you.

Mr. PECORA. I do not know anything about them, sir.

Senator KEAN. Well, Mr. Lamont, it is true, is it not, that in the old days when it was Peabody & Co., in which Mr. J. S. Morgan, however, was a partner, they floated all of the United States bonds during the Civil War in London?

Mr. LAMONT. During the Civil War the United States bonds were floated in London; I think that is true, Senator Kean.

Senator COSTIGAN. Mr. Chairman, may I ask Mr. Lamont one other question? I inquired a moment ago about Mr. LeBoeuf. I have since been told that Mr. LeBoeuf is counsel for the Niagara——

Mr. PECORA. The United Corporation, I think.

Senator COSTIGAN. The Niagara——

The CHAIRMAN. And Hudson.

Mr. PECORA. The Niagara & Hudson, is it?

Mr. WHITNEY. The Niagara-Hudson Power Corporation.

Senator COSTIGAN. That is a subsidiary which is more or less controlled, is it not, by J. P. Morgan & Co.?

Mr. LAMONT. Oh, no; not at all.

Senator COSTIGAN. Is it of the United Corporation?

Mr. WHITNEY. The United Corporation owns shares in the Niagara Hudson Power Corporation. Mr. LeBoeuf is counsel of the Niagara Hudson Power Corporation.

Senator COSTIGAN. My understanding is that Mr. LeBoeuf says that he did not consult any representative of the House of Morgan; but I am simply trying to develop that he represented a subsidiary, if it be, of the United Corporation, about which there has been testimony at this hearing, and that he appeared here.

Mr. WHITNEY. He appeared here as counsel for Mr. Howard. And it is true, I think, Senator Costigan, that at the time of the public hearings, at the time when there was consideration being given by the Senate of the transfer of the present electric power consumption tax from the consumer to the company, that he did appear here in behalf of the Niagara Hudson Power Corporation in opposition to that transfer from the consumer, where it lay under the former law. I have been down here so long that I do not know what has happened to that. I think he did.

Senator COSTIGAN. Do you know whether it is customary for these corporations, holding or otherwise, to interfere with legislation or send representatives here to testify or lobby against legislation?

Mr. WHITNEY. There certainly has never been any practice of lobbying, but I understood that at public hearings companies were permitted and encouraged to appear to present their case.

Senator COSTIGAN. There is no doubt about their right to appear.

Mr. WHITNEY. No question about a lobby, Senator Costigan. Mr. Le Boeuf, who has been counsel for many years for Niagara Hudson

Power Corporation before it was one of the constituent parts of United, did appear as the official spokesman of the Niagara Hudson Power Corporation at the public hearings. So I have been informed. I never, however, had any conversation with him and do not know anything beyond that, but I understand he did appear.

Senator COSTIGAN. As I stated, there is no doubt about the right of attorneys or others to appear and give testimony in hearings. My inquiry was whether the corporations themselves instruct their counsel or representatives to appear here and testify in favor of or in opposition to proposed Federal legislation pending in Congress?

Mr. WHITNEY. I can only answer your question, Senator Costigan, that as far as you mention the word lobby I am perfectly satisfied and know that these companies do not maintain what might be termed a lobby. In this particular case I know that Mr. Le Boeuf did appear as representative of his company, as counsel for the company, to state their belief as to how the change would affect them.

Senator COSTIGAN. How do you define "lobbying", Mr. Whitney?

Mr. WHITNEY. I do not know. You made the distinction yourself, as appearing in public hearings representing the company.

Senator COSTIGAN. Perhaps I am unduly concerned because Mr. Lamont suggested that he might wish to come to my office some day and confer with me about legislation.

Will you read the last that was said, Mr. Reporter, to Mr. Lamont? (Thereupon the last portion of the record was read by the reporter, as above recorded.)

Mr. LAMONT. I apologize, Senator Costigan.

Senator COSTIGAN. I was not questioning you, Mr. Lamont, but since I referred to you I thought perhaps you ought to hear the question and reply. Of course the remark was made semihumorously, Mr. Lamont, but I felt that since I had made it and you had not heard it you were entitled to hear it and comment, if you desired to do so.

Mr. LAMONT. If you should be gracious enough to invite me, Senator Costigan, I will come.

Mr. PECORA. Mr. Lamont, a few more questions. Reference was made in the course of the testimony you gave upon your examination by Senator Costigan this afternoon, to these so-called "preferred lists" that have been put in evidence in the course of these hearings. I am not using that term as my own description of them, but merely because that has been the terminology employed generally in connection with these lists in the course of these hearings. But how many other lists of that kind are there?

Mr. LAMONT. Covering what period of time?

Mr. PECORA. At any time since you have been a partner of J. P. Morgan & Co.?

Mr. LAMONT. Well, I made inquiry on that point the other day, Senator PECORA—

Mr. PECORA. Pardon me. I thank you for the compliment.

Mr. LAMONT. Mister Pecora. Perhaps I am anticipating. [Laughter.] I made inquiry on that point the other day because it came up directly. And I was told, according to the recollection of my partners here, that sort of sale of stocks had taken place only twice before then, so far as they could remember. It was an unusual

matter. As Mr. Whitney, I think, made it clear in his several descriptions of each one of those operations.

Mr. PECORA. Well, what were the other two occasions?

Mr. LAMONT. I don't remember.

Mr. PECORA. What issues did they relate to?

Mr. LAMONT. I don't recall any. It has gone out of my mind. It is easy enough to look them up by going back over the years, I suppose, but I don't remember what they were.

Mr. PECORA. Perhaps Mr. Whitney can tell us very readily.

Senator COSTIGAN. May I ask that the question be repeated?

(The committee reporter read as follows:)

Mr. PECORA. What issues did they relate to?

Senator COSTIGAN. In regard to what?

Mr. PECORA. The other "preferred lists", so-called.

Senator COSTIGAN. Did Mr. Whitney answer?

Mr. PECORA. No, sir.

Mr. WHITNEY. Well, Mr. Pecora, I have to rely on my memory, but my thought, and Mr. Lamont has that idea, too, that the only two I can remember offhand, and we have never looked back, are these: Prior to 1927 there was one somewhat similar in the case of the Marland Oil, and I think that was back in 1924, and there was one similar back in 1920 when we first entered General Motors. We have not made any check at all, and you will recall that Senator Gore asked me about the Marland note, and that was the way I seem to have refreshed my memory on that. I cannot tell you that those are the only two, but those are the only two I remember.

Mr. PECORA. I am relying in putting this question upon my lame recollection of some of the evidence here, but my recollection is that in the letter which was read into the record as having been sent by John J. Raskob to J. P. Morgan & Co. acknowledging the invitation to subscribe to the shares of Alleghany Corporation, and I think it was in 1929, he expressed thanks for the many courtesies. I wondered if the many courtesies he referred to were courtesies of a similar character that he was acknowledging in that letter.

Mr. LAMONT. I wouldn't have thought so at all, Mr. Pecora. And Mr. Whitney testified at that time that in his judgment it was simply a very polite acknowledgment, just as you would thank any man for many courtesies extended, as a form of speech.

Mr. PECORA. The letter was in acknowledgment of that particular courtesy, calling it that, and that consisted of an invitation to him to subscribe for shares of the Alleghany Corporation common stock at \$20 a share. Now, what were the many other courtesies that he referred to by that expression in his letter?

Mr. LAMONT. I do not know, Mr. Pecora. You might ask Mr. Raskob if he can recall any. We cannot recall any. Mr. Whitney reminds me that he had done a general business with us for 10 years, and it might have been just a general acknowledgment of courtesies extended throughout his business connection. I don't think he had anything definitely in mind any more than we had.

Mr. PECORA. I am merely inquiring because of the language he used.

Mr. LAMONT. I do not think there is any significance in it at all.

Mr. PECORA. Is it fair to assume that whenever he acknowledged the extension of a courtesy to him that he did it as the courtesy was extended?

Mr. LAMONT. That he did what?

Mr. PECORA. That whenever he acknowledged the extension of a courtesy to him that he did it as the courtesy was extended and did not wait until many of them had accumulated and then make one acknowledgment of the many courtesies. Which do you think is the more likely.

Mr. LAMONT. Well, that is a little too much for me. That is the first letter from Mr. Raskob I had ever seen. And I never heard of it until it was read down here. Anyway, I do not know whether he has ever written us other letters or not.

Mr. PECORA. Now, I do not know that I have any other questions at this time to ask Mr. Lamont. Yes; Mr. Lamont, may I ask if you are a member, or have been at any time in the past, of the executive committee of the board of directors of the United States Steel Corporation?

Mr. LAMONT. Of the finance committee, Mr. Pecora.

Mr. PECORA. Of the finance committee?

Mr. LAMONT. Yes, sir.

Mr. PECORA. And are you such member now?

Mr. LAMONT. I am a member of the finance committee.

Senator COSTIGAN. How long have you been a member?

Mr. LAMONT. I think, Senator Costigan, for 2 and possibly 3 years.

The CHAIRMAN. That means that you are a director and also a member of the finance committee?

Mr. LAMONT. Yes, sir.

Mr. PECORA. How long have you been a member of that board?

Mr. LAMONT. I became a member of the finance committee I think simultaneously with my joining the board.

The CHAIRMAN. Do you remember what year that was?

Mr. LAMONT. I think it was in 1929, or it may have been 1930. I really do not recall, Senator Fletcher.

Mr. PECORA. Mr. Lamont, have you bought and sold for your own individual account shares of stock listed on the various public exchanges from time to time?

Mr. LAMONT. From time to time I certainly have.

Mr. PECORA. And have you had or did you have during the year 1930 a number of transactions of that kind in the stock of the United States Steel Corporation?

Mr. LAMONT. I haven't the slightest recollection, Mr. Pecora. It is easy enough to look it up.

Mr. PECORA. Have you any recollection of any transaction or any transactions in the stock of the United States Steel Corporation during the year 1930, dealing with 1,786 shares, at a resultant profit of about or over \$263,000?

Mr. LAMONT. No; I do not recall that particular transaction.

Mr. PECORA. It might not have been one transaction. It might represent the aggregate of a number of transactions, and do you recall it?

Mr. LAMONT. I do not happen to recall it at all.

Mr. PECORA. Do you recall whether or not during the year 1930 you sold short any shares of United States Steel?

Mr. LAMONT. I have never sold any shares of United States Steel short, to the best of my knowledge and belief.

Mr. PECORA. What was the general course, if you can tell us, of market values of United States Steel Corporation stock in the year 1930?

Mr. LAMONT. I shouldn't dare to trust my memory on that, Mr. Pecora. And do you mind my saying that if you have a general chart of the course of the stock market undoubtedly United States Steel followed that general course.

Mr. PECORA. Do you recall that there was a very decided downward tendency in market values of United States Steel Corporation stock, particularly between the end of March of 1930 and the end of December of 1930?

Mr. LAMONT. No; I am stupid enough not to recall the trend of the stock market there at all during that particular time. I imagine it was weak, but I don't recall in detail at all, Mr. Pecora.

The CHAIRMAN. Do you know what the price is today of United States Steel, the market quotation?

Mr. LAMONT. No; I do not know what the price is today, but it has gone up with the rest of the market, I think. Mr. Pecora, if you have any data indicating that I sold United States Steel stock short I should like to know, because I haven't the slightest recollection of ever having done that.

Mr. PECORA. The information that I have is that you sold 1,786 shares of United States Steel Corporation stock in 1930 for \$333,491.06, and that those shares cost you \$70,296.44, with a resultant profit of \$263,194.62. In other words, the information that I have seems to indicate that you both acquired and sold those shares at those figures in the year 1930. Does that statement of my information awaken a recollection in your mind?

Mr. LAMONT. It doesn't awaken any recollection in my mind, except to say again that to my knowledge and belief I have never sold a share of United States Steel stock short, and your recital of the instance wouldn't indicate that I had, would it?

Mr. PECORA. Well, except that I understand there was a very decided slump in market value of United States Steel Corporation stock between the end of March 1930 and the end of that year.

Mr. LAMONT. But, that isn't in agreement with the proposition that I sold the stock short, is it?

Mr. PECORA. Well, I wondered if it would have been possible that transactions involving 1,786 shares, making you a profit of that sum, over \$263,000 could have occurred unless it was through the medium of short sales made at the peak of the market and covered near the base of the market that year.

Mr. LAMONT. No. I have never sold anything short at all. That might have been due to some rights accruing that I got very cheaply and after selling at the market, and considering the cost of the stock I got a very large profit. But I don't remember anything about it.

Mr. PECORA. Did you ever indulge in the practice of what is known as "selling against the box"?

Mr. LAMONT. I don't think I have ever done that, either. I may have, but I don't recall any instance there.

Senator COSTIGAN. What is selling against the box, if I may ask?

Mr. LAMONT. Counsel to the committee is an expert on that, Senator Costigan.

Mr. MORGAN. Counsel to the committee is the only one who knows.

Mr. PECORA. I have become familiar with those things only since I became counsel to the committee. I have never bought or sold a share of stock in my life, except one security which I bought outright and still hold.

Mr. MORGAN. I hope it has gone up.

Mr. PECORA. And it is a rather small amount.

Mr. LAMONT. I suppose I am the very worst man in the world to attempt to explain anything about the technique of stock-market selling, especially short selling. But I have heard the phrase "selling against the box" now and then, and I understand it to mean this: That the holder of a stock decides that he wants to dispose of his shares. His shares may stand in his own name or they may stand in the name of a nominee who is more or less well known. Therefore he doesn't want the stock-exchange brokers, or whoever they are, to know immediately that he has sold all of his stock, necessarily. So that he has a sale executed and borrows the stock temporarily, technically goes short of it, but always has the covering stock in his box. Now, is that a correct explanation, Mr. Whitney?

Mr. WHITNEY. Yes.

Senator COSTIGAN. Thank you.

Mr. PECORA. Mr. Lamont, during the year 1930 did you own or have any beneficial interest in the capital stock of the Simms Petroleum Co.?

Mr. LAMONT. That I do not remember. It is a familiar name, and very likely I did, but I don't remember.

Mr. PECORA. Did you ever sell any shares of Simms Petroleum stock, and to be specific, shares aggregating 4,500 in number, during the year 1930, at a resultant loss to you of \$100,517.05?

Mr. LAMONT. I haven't the remotest recollection, Mr. Pecora.

Mr. PECORA. Did you ever sell any shares of stock, either directly or indirectly, of the Simms Petroleum Co. during the year 1930 to your wife?

Mr. LAMONT. I haven't the slightest recollection.

Mr. PECORA. Do you mean by that that you might have done so but you do not now recall it?

Mr. LAMONT. I suppose I might have, but there again I haven't the slightest recollection of ever having done it. But I might have.

Mr. PECORA. Well, have you any recollection at all that you ever owned any Simms Petroleum Co. stock, or had any beneficial interest in any of that security?

Mr. LAMONT. I haven't any definite recollection of that. But the name is familiar, and it is very likely that I might have had some.

Mr. PECORA. Would a transaction involving a sale by you of 4,500 shares of a certain stock, at a resultant loss of over \$100,000 to you, be of a character that would escape your present recollection?

Mr. LAMONT. Mr. Pecora, you may not think it possible, but it would probably escape my recollection within a week. I have been very much occupied with firm matters, and the details of my personal affairs I haven't attempted to carry in my head. They are all spread out on the books for the inspection of anybody authorized to look at them.

Mr. PECORA. Well, it has been testified to here that the deliberations of the partners of J. P. Morgan & Co. in their daily conferences are not made a matter of written record but rest in the memory of the participants. Would you subscribe to that statement?

Mr. LAMONT. Oh, quite; except insofar as any such decisions are translated into any immediate action that appears on the books of the firm.

Mr. PECORA. Well, what you want us to believe is that your recollection or memory is a faulty one?

Mr. LAMONT. Oh, I don't think I have to make any apologies for my memory. I do not think that I have to characterize my memory as a faulty one because I cannot remember some personal transaction 3 years ago, with all that has happened in between, Mr. Pecora.

Mr. PECORA. Well, did you have many transactions in which you sold stock directly to your wife so that one of them might escape your recollection?

Mr. LAMONT. I testified a moment ago that I didn't have any recollection of any sales to my wife.

Mr. PECORA. All right, now——

Senator COSTIGAN (interposing). What I suppose Mr. Pecora was about to inquire was, whether your memory is good as to the action of the board of directors, as to which you keep no minutes, and is bad as to personal transactions a week following such losses or possible losses as he has mentioned.

Mr. LAMONT. Well, Senator Costigan, I think I have the average memory on both of those things. But occupied as I am, and as my partners are, with a great many matters of fairly large importance, I deliberately do not try to carry the details of personal matters in my head. They go out, and if I want to know about them I press a button and they are brought to my attention.

Mr. PECORA. May I suggest the presence of Mr. Keyes, the manager of J. P. Morgan & Co., and that perhaps he might be able to give you some information that would recall some such transaction to your mind as I am questioning you about?

Mr. LAMONT. Certainly. (After consulting Mr. Keyes.) Well, Mr. Keyes points out that, of course, he has not attempted to keep in his mind my own matters, and that we have had no notification, Mr. Pecora, that you wanted to ask about my individual matters. If you had, I should have been delighted to have looked them up.

Mr. PECORA. Well, there will be subsequent hearings, Mr. Lamont, and I will be glad to communicate with you about these matters so that you may give them your attention and consideration.

Mr. LAMONT. If you will make a list of anything you want, I will have it looked up.

Mr. PECORA. All right. Now, Mr. Chairman, I have had prepared by accountants in the employ of the committee a list that might be styled a consolidated list of all of the individuals who were invited to subscribe to securities or shares by J. P. Morgan & Co., and which are represented by the lists that have already been offered in evidence, and which have been referred to as preferred lists or selected lists. And I have had an examination made of publications showing the corporate affiliations of the various persons on this consolidated list, and I have here a statement showing those corporate affiliations of

the various individuals which I should like to put in evidence and have spread on the record, subject to any correction that may be made or that may be desired to be made.

Mr. DAVIS. Have you a copy of that that we might have?

Mr. PECORA. I will be very glad to furnish you with a copy.

Mr. DAVIS. And there is no objection to the right of us to check the list?

Mr. PECORA. Oh, yes. I have had the accountants make up this list, but it has not been checked by me.

The CHAIRMAN. The list will be received and made a part of the record.

Mr. LAMONT. Are you through with me?

Mr. PECORA. That is all for the present, at least.

(Thereupon, Mr. Lamont was excused for the present.)

(A list composed of 24 pages and entitled "Selected list of J. P. Morgan & Co., to whom stock was sold, name of issue, and number of shares sold", with title of the person, if any, and the directorships, that he may hold, and so forth, is to be made a part of the printed record, and is marked "Committee Exhibit No. 51, June 9, 1933," and will be found only in the chairman's copy of the record, which is to go to the Government Printing Office for printing.)

Mr. PECORA. Mr. Chairman, I have also had prepared by accountants in the employ of the committee, a report made by Mr. Cranston, one of those accountants, purporting to set forth the corporate relationships of the partners of J. P. Morgan & Co. and of Drexel & Co.—

Mr. DAVIS (interposing). What is that list?

Mr. PECORA. I will read the inscription on the first page, which I think will serve to characterize it or to designate it:

The following chart sets out the corporate relationship of J. P. Morgan & Co. and Drexel & Co. established through the partners of the two aforementioned companies serving in the capacity of "director" of the 89 corporations and banks, with the 537 nonpartner directors also served on the board of directors of 2,305 additional companies, the chart setting out the two classes of corporations, etc., under separate major titles.

To further illustrate and establish the relationship and control of the two companies mentioned above over the directors of the entire 626 corporations and banks, the list of nonpartner directors discloses that 82 of same appear on the 4 "selected lists" of J. P. Morgan & Co. and 8 as having secured loans from J. P. Morgan & Co. or Drexel & Co.

The chart further segregates the two major classifications of corporations and banks into group operating classifications setting out where possible the combined resources of each.

And we will be glad, Mr. Davis, to let you have a copy of this.

Mr. DAVIS. I thank you.

Mr. PECORA. I ask that this may be received in evidence and made a part of the record of the hearing.

The CHAIRMAN. It will be admitted in evidence, and printed as a part of the proceedings.

Mr. DAVIS. It is not necessary to note it, but, of course, we will reserve the right to check that list.

Mr. PECORA. Oh, yes. And I might say that these two last exhibits have only recently been completed by the employees of the committee, and I personally haven't had a chance to examine and study them.

The CHAIRMAN. Well, they will be printed in the record, and, of course, will become accessible to everybody.

(The data setting out the corporate relationship of J. P. Morgan & Co. and Drexel & Co. established through the partners of the two firms, was marked "Committee Exhibit No. 52, June 9, 1933.")

Mr. PECORA. Now, Mr. Chairman, at a prior hearing held about a week or two ago, I asked in behalf of the committee for a break-down of the balance sheet of J. P. Morgan & Co. and of Drexel & Co. We were then informed that an audit of those firms was in progress, and that it was being made by Price, Waterhouse & Co. I do not know whether the audit includes the break-down of the balance sheet; but if it does I should like to have, for the purpose of the record, a copy of such audit insofar as it discloses a break-down of the balance sheet.

Mr. DAVIS. Mr. Chairman, you will remember that we had the audit at one of your executive sessions, and I have it here, with copies for Mr. Pecora and for the record. But I am not just clear as to what Mr. Pecora means by "break-down." Of course, that is a matter of highly indefinite meaning. But I think there is everything here which may be needed, or at least that I can conceive might be needed by this committee.

Mr. PECORA. The break-down that I refer to is, as I understand the term in the field of accountancy, a schedule showing the dates and items shown on the balance sheet. What has been handed to me by Mr. Davis does not purport to be such a statement or report or break-down; is that correct?

Mr. DAVIS. This is accompanied by a certificate of Price, Waterhouse & Co. to this effect—well, have I given you the original or a copy?

Mr. PECORA. It looks like the original.

Mr. DAVIS. Or perhaps they are all signed.

Mr. PECORA. Perhaps they are. I don't know.

Mr. DAVIS. I will read this [reading]:

We have made an examination of the books and accounts of J. P. Morgan & Co. and of Drexel & Co. as at the close of business March 31, 1933. Our examination comprised an inspection of cash and securities on hand, including safe-keeping securities; reconciliation of cash on deposit with banks and bankers with the balances confirmed by the depositaries; confirmation of loans receivable and advances by correspondence with the debtors; confirmation of securities held by others by direct correspondence.

Senator COSTIGAN. Mr. Chairman, I regret that I am unable to hear Mr. Davis.

Mr. DAVIS. Suppose I come forward and begin all over again?

Senator COSTIGAN. Thank you.

Mr. DAVIS. This is a certificate [reading]:

Messrs. J. P. MORGAN & Co.,
New York.

DEAR SIRs: We have made an examination of the books and accounts of J. P. Morgan & Co. and of Drexel & Co. as at the close of business March 31, 1933. Our examination comprised an inspection of cash and securities on hand, including safe-keeping securities; reconciliation of cash on deposit with banks and bankers, with the balances confirmed by the depositaries; confirmation of loans receivable and advances by correspondence with the debtors; confirmation of securities held by others by direct correspondence; and requests for confirmation from customers in respect of deposit accounts and securities held in safe-keeping for their account.

The firm's investments are stated, in the attached balance sheet, at quoted market values or as regards unlisted securities at estimated fair values as at

March 31, 1933, and the reserves provided are sufficient, in our judgment, to meet any shrinkage in value at the above date. Full provision has been made for all ascertainable liabilities.

In our opinion, the attached combined balance sheet fairly sets forth the financial position of J. P. Morgan & Co. and Drexel & Co. as at March 31, 1933.

Yours very truly,

PRICE, WATERHOUSE & Co.

Now, it is not just clear to me, with that sheet before you here, what it is Mr. Pecora wants besides that.

Mr. PECORA. What we want is the supporting schedules for the items shown on this statement.

The CHAIRMAN. What do you mean? Do you mean you want the State and municipal bonds listed or loans listed?

Mr. PECORA. We want, in other words, Mr. Chairman, what is commonly referred to as a break-down of the balance sheet, which means the schedules supporting the items shown in the balance sheet.

Mr. DAVIS. If you mean that in the literal sense—and I don't know any sense in which the word "break-down" is commonly used—if you mean that in the literal sense an itemized list of all securities held, and everything from top to bottom, it is a very large task.

Mr. PECORA. We will take these supporting schedules that were made by Price, Waterhouse & Co. In other words, that is something that has already been done. We simply want the—

Mr. DAVIS (interposing). I hope—let me ask, is it your purpose to audit the audit of Price, Waterhouse & Co.?

Mr. PECORA. No, of course not. You know that.

Mr. DAVIS. Well, I should think, with great respect for your accountants—and I have entire respect for them—I doubt very much if there are any more expert than the auditors of Price, Waterhouse & Co. I do not think, Mr. Chairman, that is a reasonable request.

Mr. PECORA. I should think it is in keeping with the purposes of this inquiry as those purposes are set forth in the various resolutions with the power of this committee to conduct such an inquiry. Is there objection to giving us a copy of the report as distinguished from the certificate of Price, Waterhouse & Co.?

Mr. DAVIS. Yes. Why should we?

Mr. PECORA. Because I think that the committee is entitled to it under the resolution.

Mr. DAVIS. I cannot see any purpose which it could possibly serve in connection with this investigation. This is the report of Price, Waterhouse to us. This is the only report we have.

Senator COSTIGAN. Mr. Chairman, will it suffice for the committee's purposes if the committee takes under consideration the suggestion at this point in the record—it is my understanding that the committee is planning on meeting possibly tomorrow morning. I do not know whether that serves Mr. Pecora's immediate purposes, however. If not, I withdraw the suggestion.

The CHAIRMAN. Mr. Davis has tendered the report of Price, Waterhouse & Co. That report will be admitted, filed, and entered in the record. The suggestion is made by Mr. Pecora that there be submitted a break-down of this statement. I am not clear myself exactly what he means by "break-down", but it may be possible that counsel can get together on some sort of itemized statement. I presume he means these matters here should be itemized.

Mr. PECORA. By break-down, Mr. Chairman, I mean the supporting schedules for the various items shown on the balance sheet, which is included in this so-called report or certificate of Price, Waterhouse & Co. that has just been handed to us.

Mr. DAVIS. Of course, Mr. Chairman, you employ a firm of auditors. They make their own figures and do it in their own way. I am no accountant myself. They have their work sheets. What they got at the end is just what you have got here. That is a certification of your condition based upon their examination. They certify that, in the course of that examination, they have investigated all the details that are necessary to build up their final certificate.

Now, these we have got from Price, Waterhouse & Co. It is that which anybody gets from an accountant, and we gave to Mr. Pecora, it seems to me, everything which can be to this committee of the slightest possible value. Now, to go to work and itemize each one of these things—that is a long job.

Senator KEAN. Mr. Chairman, Senator Costigan made a motion, and I think——

Senator COSTIGAN (interposing). A suggestion.

Senator KEAN. Or suggestion. I think that is a reasonable suggestion, that we take this matter up in the morning and Mr. Pecora have ample time from now on to say just what he wants.

Mr. PECORA. I have said so now, Senator.

Senator KEAN. What?

Mr. PECORA. I have said what I want.

Senator KEAN. No; but you don't want the postage stamps?

Mr. PECORA. I have not said that I want the postage stamps.

Senator KEAN. No; but I mean to say if you break down the thing, how far are you going to break it down? That is the point.

Mr. PECORA. Let me explain in the very language of the accountants that make this certificate or balance sheet.

Senator KEAN. I mean to say, do you want a complete list of the securities of J. P. Morgan? Do you want a list of the indebtedness of all the partners, and everybody else of J. P. Morgan? Is that what you want, or what do you want?

Mr. PECORA. I want the data supporting the various items that are comprehended on this balance sheet statement.

Senator KEAN. How far do you want to go down into that? There are so many postage stamps and so many sheets of paper and so many this and so many that and so many of the other thing.

Mr. PECORA. I will go just as far down or just as far up as Price, Waterhouse & Co. themselves went, no farther. I doubt if they went into postage stamps or sheets of paper.

Senator KEAN. Sure they do.

Mr. PECORA. Well, perhaps they did.

Senator KEAN. Sure they did. They went into so many postage stamps, and so many stamps of the stock exchange, and so many stamps for this, and so many stamps for the foreign exchange, and they went into every detail, and so much dollar bills and so much \$10 bills, and so forth. Now, that is the way they——

Mr. PECORA (interposing). Well, I assume if they did they made a report to J. P. Morgan & Co.

Senator KEAN. No; they didn't.

Mr. DAVIS. No; they would not.

Senator KEAN. They would have their work sheets.

Mr. PECORA. The work sheets might be their report, but I assume, because it is frequently done, that they made their report from their work sheets.

Mr. DAVIS. This is their report, Mr. Pecora, and it is the only report that a certified accountant ever gives to his client.

Mr. PECORA. Oh, well, we have gotten reports far more than that.

The CHAIRMAN. That report has been submitted and will be in the record.

Mr. DAVIS. That has been formally offered.

The CHAIRMAN. It is formally offered and admitted.

Mr. PECORA. Which one do you want to leave with us?

Mr. DAVIS. This one contains an answer to the request for the number of people employed, which is contained in the one in the folder. I should think that you would want that in.

Mr. PECORA. All right.

The CHAIRMAN. That will be entered in the record.

(Certified balance sheet of J. P. Morgan & Co., as of Mar. 31, 1933, being received in evidence, is printed in full at the end of this day's proceedings, designated "Committee Exhibit no. 53.")

The CHAIRMAN. And the question of Mr. Pecora and Mr. Davis is a matter left open. Maybe you can get together on some arrangement about that.

Mr. DAVIS. We will take that under consideration.

The CHAIRMAN. Yes. Take that under consideration. It is not here now, so we cannot either admit it or reject it.

Mr. PECORA. Mr. Chairman, I may state that with the exception of the data that I have called for, to which I have referred to as a break-down of the balance sheet or the supporting schedules for the items shown in the balance sheet, this concludes the evidence that I wish to present to the committee at this stage.

But I also want to state that there are many other matters that as counsel for the committee I propose to make an inquiry into, to gather evidence with respect thereto, and which I desire to present to the committee at subsequent hearings in connection with J. P. Morgan & Co. and Drexel & Co.

Senator COSTIGAN. Mr. Chairman, I desire to say that it is my wish to support Mr. Pecora in any and every reasonable request. The statement is made solely for the purpose of the record.

The CHAIRMAN. We understand that.

Now, we are about to adjourn, and Mr. Morgan desires to make a statement before we adjourn this session, because he may not come back for some days yet.

TESTIMONY OF J. P. MORGAN, HEAD OF J. P. MORGAN & CO., NEW YORK CITY—Resumed

Mr. MORGAN. Mr. Chairman, it is a little bit long, and it is very late, and I think if you will allow me, I will just say that as the hearing draws to a close we desire to thank the committee for their patience and courtesy and to make a brief statement upon certain points we believe are not yet fully clear, and then I will turn this in and enter it on the record.

And further than that, our Mr. Leffingwell has drawn up a little essay on the question of inflation and banking cures, and that sort of thing, which I should like, on the firm's behalf, to offer to the committee for their information. It is quite interesting, and it has a lot of wisdom in it. I would like to have that put on the record, if we may.

The CHAIRMAN. We will be glad to have that.

Mr. MORGAN. Copies of both of those are available for the press.

The CHAIRMAN. The statement by Mr. Morgan and the statement by Mr. Leffingwell will be entered on the record.

(The statement submitted by Mr. Morgan is as follows:)

STATEMENT TO THE SENATE COMMITTEE BY J. P. MORGAN & Co.

As the hearing draws to a close we desire to thank the committee for their patience and courtesy and to make a brief statement upon certain points which, we believe, are not yet fully clear. The first point relates to the matter of income taxes.

Income taxes.—The precise facts as to our payment of income taxes seems to have been misunderstood by a portion of the community. Since 1917 the partners of our firm have, as stated, paid upwards of \$51,000,000 in income taxes. In the three years 1927, 1928, and 1929 our income-tax payments exceeded \$22,000,000. In the year 1929 alone they were approximately \$11,000,000.

In all these cases a substantial part of the taxes paid by us were due to net capital gains which, under the law, had to be added for income tax purposes to our regular income. In the years 1930, 1931, and 1932 our capital losses (deductible under the law, just as previously the profits had been added) were such as more than to wipe out our income, and leave nothing taxable. Income taxes are after all payable upon income and not upon deficits.

We trust these facts will now be clearly understood, because at first blush there can be no doubt that many persons, failing to realize that during prosperous times we had paid heavy taxes upon our profits, felt it to be unjust that during the last 3 years we have paid no income taxes; again failing to realize that our losses had more than wiped out our taxable income.

The second point upon which we wish to comment relates to our conduct of certain features of our security business.

Investment securities.—As investment bankers we are merchants of securities, and our normal business in that field is the bond business. In the postwar period we have issued upwards of \$6,000,000,000 of bonds, together with a very few preferred stocks. A third of the bonds have already been paid off and retired. Little more than 2 percent thereof are in default, and none of our foreign bond issues has defaulted in payment of interest or principal. We issued no loans for central European countries except two important international reconstruction loans each for Germany and Austria. The only outstanding South American loans we issued were those for the Argentine Republic. Of our domestic issues, the greatest single category consists of bonds of American railroad companies issued with the approval of the Interstate Commerce Commission within price limits determined by it.

Such investment securities we offer to the general public over our name. Here we receive a limited compensation averaging approximately one half of 1 percent, an average which applies to our foreign as well as our domestic loans. We have no salesmen and for the underwriting and distribution of investment securities, we enlist the cooperation of banks and dealers.

Financing of common stocks. The whole amount of the common stock financing done by us during the postwar period does not exceed three and one third percent of the total amount of investment securities we issued in the period. Despite, however, the small proportion of our securities business which this type of financing represents, it would appear that these few transactions have largely occupied the attention of these hearings.

The provision of new equity capital, or the distribution of large holdings of common stock is a useful and necessary operation. Specifically, we believe in the future of the Alleghany Corporation, as a step toward ultimate consolidation of valuable and coherent railroad properties under the policy laid

down in the Transportation Act of 1920. We believed in the United Corporation, as offering a composite and diversified minority investment in homogeneous and noncompetitive public utility properties. We believed in Standard Brands, as furnishing a logical grouping of products salable by daily delivery. We believed in Johns-Manville, as an admirable and tested business, long, well and favorably known to us.

However, as merchants of investment securities of established character, we do not consider that it is sound practice for us to offer common stock over our own name to the general public through banks and dealers. Consequently, in the few equity operations which we undertook, we invited to join us, not primarily institutions and dealers who distribute investment securities to the general public, but individuals capable of sharing and understanding the risk; and with one minor exception we asked them to join us in the stock purchase at the same price that we paid. It would not have been prudent banking to keep all these common stocks in our own portfolio. We wished, therefore, to sell part of them as a business man's investment to those having knowledge of business and general conditions, who would understand exactly what they were buying and who, as joint venturers, would share with ourselves the profit and the risk of the stock purchase.

Prices.—With one minor exception, we offered these stocks at the same prices at which we had purchased them, that is to say, at prices which were considered fair by the corporations and individuals from whom we purchased. We, too, considered these prices fair. Speculative market quotations did not enter into our calculations. As a matter of fact in most instances there was no stock in existence and no market for the stock at the time the sales price was determined. The narrow and speculative market existing in one or two cases formed no basis for a fair valuation. In the Alleghany case much has been made at this hearing of the "when issued" market, which sprang up after we had fixed the price at which we would sell the stock, but about the time a few of the offers were made. As a matter of fact at the same time 500,000 shares of the stock were offered publicly at \$24 a share, a far better indication of the market value of the stock than the narrow and speculative "when issued" market.

No responsible banking house would change the issue price from day to day to reflect "when issued" market quotations, or would advance the price against a subscriber because of some slight delay in his receipt of the offer of sale. Every successful issuer, from the Government of the United States down, has the experience of seeing its issues quoted above the issue price while the offering is still open, and certainly before the date for payment by subscribers is reached. It is not the practice of responsible bankers and dealers in pricing a new equity issue to charge all the traffic will bear—it would be inexcusable to do so in an inflation market such as prevailed in 1929—but rather to name a fair price (based on actual and expected earnings, not speculative market quotations), and stick to that price with all those invited to subscribe to the original issue, whether public or private.

It is true that the failure of the then Federal Reserve Board to take the necessary measures to control the inflation in time, encouraged the speculative frenzy, which carried the market quotations out of bounds, so that they were too high in 1929 and too low later. Only ignorance of good business practice could explain the suggestion that, in naming what we thought a fair issue price and sticking to it in spite of a frenzied "when issued" quotation, we were doing anything but adhering to the only possible rule of fair business dealing.

Customers' lists.—Our lists of private subscribers were naturally composed of men of affairs and position; but they were selected because of established business and personal relations, and not because of any actual or potential political relations. We have never had occasion to ask for favors from legislators or persons in public office, nor have we ever done so. We conduct our business through no means or measures of "influence" or favor. We rely upon such confidence as our clients and the business community generally may repose in us.

The same is true of our loans to personal clients. It has never before been considered wrong to borrow money or to lend it. Our loans were to men of high standing against ample security. The unprecedented depreciation in securities which has since occurred has caused certain of the borrowers heavy losses, against which we have created ample reserves.

It seems extraordinary that, after 70 years devoted to building up a goodwill which has made it true that our clients are men of affairs and of leadership, we should be taken to task for perfectly sound, honorable, and straightforward business transactions with them, simply because chance has brought some of them into high office and mischance has impaired the fortunes of others.

It has never during the firms existence been thought discreditable to be a customer of J. P. Morgan & Co., whether as a depositor, borrower, or subscriber. We protested vigorously against the breach of what we have always assumed to be the confidential relationship of the banker and his customer. The result of this action has been an unwarranted criticism upon our customers. This unjust criticism we feel deeply.

Banking: Our banking business is our principal business. As bankers our first duty is to protect our depositors, and we do so by keeping ample reserves in cash and in United States Government securities. We do not mingle investment business and our banking business, but keep our deposits separate and fully protected by strictly banking assets.

We have always disapproved of the practice of making call loans "for others", and with the exception of a few isolated cases have not practiced it.

We have not approved the practice of indiscriminate competition for deposits. In 1918 the New York Clearing House banks and ourselves took the lead in suggesting that deposit rates be adjusted in a definite relation to the Federal Reserve bank rate. This agreement among the clearing house banks put an end to the wasteful and dangerous practice of buying deposits in competition with one another, and no doubt contributed to the liquidity and soundness of the general banking situation in New York City in these trying times.

Statements of condition.—We have been in the habit of furnishing a statement to the Federal Reserve Bank of New York since soon after the Federal Reserve System was organized, and are ready to be examined by the Federal Reserve bank at any time and as often as may be desired. We do not approve private bankers publishing their statements, because such publication tends to advertisement and solicitation of deposits from the general public. But the question does not greatly interest us one way or another. Our business comes to us because our depositors, relying upon a banking experience covering more than three generations, put more faith in our banking reputation, our resources, and our methods of doing business than they put in the work of bank examiners, or even in the not always illuminating published statements of institutions.

(The essay submitted by Mr. Morgan will be found printed in full at the end of this day's proceedings.)

Mr. DAVIS. May I ask, Mr. Chairman, just what the program of the committee is as to further hearing?

The CHAIRMAN. I am just about to say that the committee has not determined whether the hearings will be continued during the summer or not or with respect to the extent of its investigation. We will take that question up at the first opportunity, probably tomorrow. We may resume the hearings again in a week or 10 days, but may have the hearings go over until the fall. We will decide that.

For the present we will adjourn subject to the call of the chairman. The subcommittee will decide about the future procedure, probably tomorrow. So we will have no hearing tomorrow and will not have a hearing until one is called, maybe in the next week or 10 days, and it may be longer; or the committee may decide to adjourn the hearings until the fall.

Mr. DAVIS. I understand—I gather from the press; I have no direct information—that if you do resume in a week or 10 days it will be with somebody else and we can make our plans accordingly.

Mr. PECORA. In all probability that will be so, so far as I am concerned.

Mr. DAVIS. I have some personal engagements to attend to.

Mr. WHITNEY. So far as we are concerned we would like to be excused for a while.

The CHAIRMAN. We would like to accommodate you all, but we are sort of indefinite ourselves. We do not know just when Congress is going to adjourn, but it looks like probably very shortly, and then we do not know what the arrangements of the committee members may be. We may not be able to keep a quorum here, and we want to go on with this as rapidly as we can and conclude it, but it may be we will save time by just adjourning the further hearings until fall. The next hearing, I believe, will not involve you, so far as I know.

Senator COSTIGAN. Are the witnesses still under subpoena, Mr. Chairman?

The CHAIRMAN. Yes; they are subject to call.

Mr. DAVIS. As far as that is concerned, Senator, it does not matter whether we are or not. We are quite ready to come when the committee calls.

The CHAIRMAN. We will keep Mr. Pecora advised and we will let you know. So we will stand adjourned.

NEW YORK, June 15, 1933.

Hon. DUNCAN U. FLETCHER,

Chairman Committee on Banking and Currency,

United States Senate, Washington, D.C.

DEAR SENATOR FLETCHER: In going over the record of the hearing before the Committee on Banking and Currency on Friday, June 9, 1933, I note there is some confusion in regard to the list of shares of common stock of Johns-Manville Corporation sold by J. P. Morgan & Co. The record shows that there was introduced as committee exhibit no. 50 a list showing the sale of 343,450 shares at \$47.50 a share and the sale of 56,550 shares at \$57.50 a share. Later Mr. George Whitney read into the record a list of 100,000 shares sold at \$47.50 a share.

As a matter of fact, the list of 100,000 shares which was read into the record is not in addition to but is already included in the list of 343,450 shares which is part of committee exhibit no. 50. I understand that there were submitted to Mr. Pecora three lists covering the sale of the entire 400,000 shares of Johns-Manville Corporation common stock—one list of 243,450 shares at \$47.50 a share, one list of 100,000 shares at \$47.50 a share, and one list of 56,550 shares at \$57.50 a share. Apparently in submitting these lists to the committee as committee exhibit no. 50, the first and second lists which contained certain duplications were consolidated. Mr. Whitney in his testimony did not realize this and thought that the second list had been omitted. Consequently, he read the second list into the record.

I am hopeful that the record may be clarified on this point, and I am therefore writing you this letter and am attaching copies of all three lists as submitted by my clients. I am also sending a duplicate of this letter to Mr. Pecora.

I should appreciate it if this letter and the attached lists could be printed as an appendix to the record of the hearing on Friday, June 9, 1933.

Very truly yours,

JOHN W. DAVIS.

Johns-Manville Corporation common stock at \$47.50

	<i>Shares</i>
Alice M. Anderson-----	7, 000
F. D. Bartow-----	7, 000
Beech Corporation-----	18, 500
Thomas Cochran-----	18, 200
Henry P. Davison-----	1, 000
Drexel & Co.-----	4, 000
Martin Egan-----	500
Frederic Ewing-----	200

Johns-Manville Corporation common stock at \$47.50—Continued

	<i>Shares</i>
Maria T. Ewing	2, 400
William Ewing	2, 065
William Ewing, trustee for Grace V. Ewing	600
William Ewing, trustee for Jane Ewing	600
William Ewing, trustee for Jessie V. Ewing	600
William Ewing, trustee for William Ewing, Jr	500
Thomas S. Gates	6, 000
Perry E. Hall	500
Thomas S. Lamont	1, 000
H. G. Lloyd	6, 000
R. C. Leffingwell	11, 500
Theodore F. Merseles	35, 000
Morgan & Cie	10, 000
Morgan Grenfell & Co.	15, 000
Henry S. Morgan	1, 000
J. P. Morgan	30, 000
J. S. Morgan, Jr	7, 000
Anne S. Morrow	1, 500
Constance C. Morrow et al.	3, 000
Dwight W. Morrow	6, 000
Dwight W. Morrow account of others	1, 100
Dwight W. Morrow account of J. J. Morrow	700
Dwight W. Morrow account of J. J. Pershing	700
Elizabeth C. Morrow	4, 000
Elisabeth R. Morrow	1, 500
Vernon Munroe	250
Jane Taylor Price	35
Charles Steele	13, 500
E. T. Stotesbury	10, 000
Francis T. Ward	500
George Whitney	14, 500

Total	243, 450
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J. P. Morgan	25, 500
E. T. Stotesbury	10, 500
Charles Steele	7, 000
T. W. Lamont	10, 000
H. G. Lloyd	5, 000
D. W. Morrow	8, 000
Thomas Cochran	8, 000
J. S. Morgan	4, 000
George Whitney	6, 000
Thomas S. Gates	4, 000
R. C. Leffingwell	6, 000
F. D. Bartow	1, 500
A. M. Anderson	1, 500
William Ewing	1, 500
Henry S. Morgan	500
Thomas S. Lamont	500
Henry P. Davison	500

Total	100, 000
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Johns-Manville Corporation common stock at \$57.50

Walter H. Aldridge	1, 000
George F. Baker, Jr	5, 000
Sosthenes Behn	1, 000
Stephen Birch	1, 000
Cornelius N. Bliss	1, 000
Edward F. Carry	1, 000
Arthur O. Choate	1, 500
Patrick E. Crowley	500

Johns-Manville Corporation common stock at \$57.50—Continued

	<i>Shares</i>
Norman H. Davis.....	250
Drexel & Co.....	500
Giovanni Fummi.....	500
Philip A. S. Franklin.....	500
Harvey D. Gibson.....	1, 500
Walter S. Gifford.....	500
Reginald Halladay.....	1, 200
Albert H. Harris.....	500
Charles Hayden.....	1, 000
Charles D. Hilles.....	500
Cornelius F. Kelley.....	1, 000
Lamont, Corliss & Co.....	300
John McHugh.....	250
Donald R. McLennan.....	1, 000
Charles E. Mitchell.....	2, 500
George K. Morrow.....	1, 000
John E. Oldham.....	500
Daniel E. Pomeroy.....	250
William C. Potter.....	2, 500
John W. Prentiss.....	500
Seward Prosser.....	2, 500
John J. Raskob.....	1, 000
Samuel W. Reyburn.....	500
W. G. Ross.....	1, 000
John D. Ryan.....	1, 000
Franz Schneider, Jr.....	250
Alfred P. Sloan, Jr.....	1, 000
John A. Stephens, Jr.....	300
Silas H. Strawn.....	1, 000
Gerard Swope.....	1, 000
Myron C. Taylor.....	5, 000
Walter C. Teagle.....	1, 000
William Boyce Thompson.....	4, 000
Allen Wardwell.....	1, 500
J. duPratt White.....	1, 000
Albert H. Wiggin.....	2, 000
Sir Frederick Williams-Taylor.....	250
Gerrard B. Winston.....	500
William H. Woodin.....	1, 000
Clarence M. Wooley.....	1, 000
Owen D. Young.....	1, 000
<hr/>	
	56, 550

(Whereupon, at 6:20 p.m., the committee adjourned, subject to the call of the chairman.)

COMMITTEE EXHIBIT No. 51, JUNE 9, 1933

"Selected list" of J. P. Morgan & Co. to whom stock was sold

Unit: 1 share common, 1 class A warrant, 1 class C warrant

		Name of issue and number of shares sold					
Sale price.....		\$20.....	\$47.50.....	\$57.50.....	\$32.....	\$75.....	\$25.
Market price.....		\$31-\$35.....	\$79.....	\$79.....	\$36½-\$37 (July 6, 1929).	\$93.....	27 common.
Date.....		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	9¼ class A warrant.
							No quote class C.
							Aug. 19, 1929.
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
Charles Francis Adams.....	Ex-Secretary of Navy.....	1,000					
Helen B. Achilles.....						300	
Alamance Club.....					1,000		
W. H. Aldridge.....	Director Johns-Manville Corporation, Texas Gulf & Sulphur Co., New York Trust Co., International Telephone & Telegraph Co., United States Guarantee Co.	1,000		1,000	1,000	1,000	
George G. Allen.....	Director Aluminum Co. of America, Guaranty Trust Co., Texas Co.	500					
Alta Corporation.....			8,500		2,000		
Alice M. Anderson.....					10,000		
Arthur M. Anderson.....	Partner J. P. Morgan & Co.; director International Telephone & Telegraph and Postal Telegraph & Cable.	11,500				2,000	
Joseph Andrews.....						100	
Montgomery B. Angell.....		100					
Argonaut Securities Corporation.....					1,000		
Mrs. Irma D. Ashmead.....						50	
Asiel & Co.....	Brokers.....				2,000		
I. C. R. Atkin.....						100	
Atlantic-Merill Oldham Corporation.....						1,000	
J. Howland Auchincloss.....	Attorney-banker.....	300				300	
Chellis A. Austin.....		500			1,000	500	
Isabel Valle Austin.....						200	
Gaspar G. Bacon and Geo. Whitney.....	Trustees, deed dated Nov. 13, 1914.....					500	
Mrs. Hope N. Bacon.....						1,000	

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

Sale price.....		Name of issue and number of shares sold					
		\$20.....	\$47.50.....	\$57.50.....	\$32.....	\$75.....	
Market price.....		\$31-\$35.....	\$79.....	\$79.....	\$36½-37 (July 6, 1929).....	\$93.....	\$25. 27 common. 9½ class A warrant. [No quote class C. Aug. 19, 1929.]
Date.....		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	
Name	Title, directorships, etc.	Alleghany	Johns-Man-ville	Johns-Man-ville	Standard Brands	United Corporation units	Niagara Hudson units
Priscilla T. Bacon, Geo. Whitney and Gaspar G. Bacon.	Trustees.....					500	
George F. Baker.....	Director First National Bank, First Security Co. of N. Y., New York Central R.R.	10,000				5,000	
George F. Baker, Jr.....	Director First National Bank of N.Y., United States Steel Corporation, General Electric Co.			5,000			
Newton D. Baker.....	Former Secretary of War; director Baltimore & Ohio R.R.	2,000					
Donald C. Bakewell.						160	
Bankers Co. of New York.					10,000	5,000	
Chas. D. Barney & Co.....	Brokers.....				2,000		
Chas. H. Barnes.....						30	
D. S. Barrett, Jr.....		2,000			500		
F. D. Bartow.....	Partner, J. P. Morgan & Co.....	11,500	8,500		11,000		
F. D. Bartow, special.		3,000					
T. R. Beal.....			18,500				1,000
Beech Corporation.....							
Sesthenes Behn.....	Director International Telephone & Telegraph; All American Cables; General Sugar Corporation; National City Bank.	1,000		1,000	1,000	1,000	
Hernand Behn.....					1,000		
Bernard M. Baruch.....					4,000		
Otto F. Behrend.....						100	
L. V. Belden.....	Partner, Belden & Co., 44 Wall Street	1,000					
C. J. Bennett.....						15	
Mrs. Mary Case Bench.....	Director Chesapeake & Ohio R.R., Pere Marquette R. R.	500					
Julius Bergen.....					300		
J. J. Bernet.....	President Erie R.R. Co.....	5,000			500	500	
G. T. Bishop.....							1,000

Stephen Birch.....	Director Kennecott Copper Corporation; Bankers Trust Co. of New York; Chicago, Burlington & Quincy; Erie R.R.; Northern Pacific.	1, 200	1, 000	4, 000	1, 000	
C. N. Bliss.....	Director Bankers Trust Co.; Metropolitan Opera House Estate Co.; New York Life Insurance Co.; New York, New Haven & Hartford; Radio Corporation of America.	1, 000	1, 000	2, 000	2, 000	
Blyth & Co.....					1, 500	
Bonbright & Co., Inc.....		10, 000		20, 000	202, 930	
Amy W. Board.....					25	
Claude K. Boettcher.....				1, 000		
S. D. Bowdine.....						500
Charles Bradley.....	Director Saranac Realty Co.	7, 500		500		
Nicholas F. Brady.....	Director New York Edison Co.	2, 000		5, 000	3, 000	
Charles S. Brewer.....	Director New York Stationers Association				1, 000	500
Bradford Brinton.....	Director J. I. Case				300	
Brown, Brothers & Co.....	Brokers.			5, 000	3, 000	
George F. Brownell.....	Vice president Erie R.R.				200	
Mathew C. Brush.....	Director Air Reduction Co., Inc., Aviation Corporation, and Bank of Manhattan Trust Co.	1, 000		2, 000	1, 000	
E. G. Buckland.....	Director New York, New Haven & Hart- ford, Railway Express Agency, and New York, Ontario & Western R.R.	500		500		
M. N. Buckner.....	Director New York Clearing House Asso- ciation and New York Trust Co.	500				
Roger H. Bullard.....					50	
George Burgess.....					50	
W. E. Burnet.....	Director Southern Porto Rico Sugar Co. and W. E. Burnet Co.	500		1, 000	200	
Ward M. Canaday.....					1, 009	
William C. Cannon.....	Director First National Bank & Trust Co. of Montclair, N.J.	200			300	
Callaway, Fish & Co.....	Brokers.			1, 000		
F. L. Carlisle.....	Niagara Hudson Corporation-Consolidated Gas of New York and F. L. Carlisle Co.			2, 000		
W. L. Carson.....					100	
George W. Carpenter & Kath.....					405	
Edward F. Carry.....		1, 000	1, 000			
Bernard S. Carter.....		2, 500				
J. Ridgely Carter.....		2, 500				
Arthur O. Choate.....	Partner Clarke, Dodge Co. and director Pullman Co.		1, 500			
Chicago Corporation.....				3, 000		
E. H. Clark.....					500	
Alfred H. Clark.....					500	
Sir Thomas S. Catte.....		1, 000				
Hendon Chubb.....		1, 000		2, 000		
Clarke, Dodge & Co.....	Brokers.	2, 000		10, 000	5, 000	
Leon R. Clausen.....				500	500	

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Sale price.....	Market price.....	Date.....	Name of issue and number of shares sold					
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			\$31-\$35.....	\$79.....	\$79.....	\$36½-37 (July 6, 1929).....	\$93.....	\$25. (27 common. 9¼ class A warrant. No quote class C. Aug. 19, 1929.
			Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	
Name	Title, directorships, etc.	Alleghany	Johns-Man-ville	Johns-Man-ville	Standard Brands	United Cor-poration units	Niagara Hudson units	
Climax Corporation.....					2,500			
M. Clothier.....								500
B. C. Cobb.....	Chairman of board, C. & S. Corporation.....							4,000
Thomas Cochran.....	Partner, J. P. Morgan & Co.....	{ 2,000 15,000 }	26,000		25,000			
Continental National Bank & Trust Co.						3,000		
Calvin Coolidge.....	Former President of United States.....				3,000			
C. C. Cooper.....					1,000			
C. A. Corliss.....					1,000			
Corn Exchange Bank & Trust Co.					1,000			
E. C. Congdon.....						160		
H. C. Couch.....								500
Walter Craig.....					100			
Clinton H. Crane.....	Director St. Joseph Lead Co., and United States Guaranty Co.	500			1,000	500		
S. M. Crocker.....	Vice President Int. G. E. Co.					100		
Patrick E. Crowley.....	Director N. Y. Central R. R., and Cleveland, Cincinnati, Chicago, & St. Louis R. R.			(Mr.) 500	500	(Mrs.) 500		
George Dahl.....	President Dahl Oil Burner Co.					40		
A. B. Davis.....						10		
Donald K. David.....	Director Bowery Savings Bank, R. H. Macy & Co., and Standard Brands, Inc.	200				200		
Arthur V. Davis.....	Director Aluminum Co. of America, Marine Midland Corporation, and Mellon National Bank.	1,000			1,000	1,000		2,000
Henry G. Davis.....						100		
John W. Davis.....	Davis, Polk, Wardwell, Gardiner & Reed.	400			5,000	500		
Norman H. Davis.....	Trustee Bank of New York & Trust Co.			250	500	250		
H. P. Davison.....	Director Seaboard Airline Ry. Co.							
Lewis C. Dawes.....	Partner, J. P. Morgan & Co.....	2,500	1,500		2,500	300		
Charles Day.....								1,000

D. Debevoise						10	
Moreau Delano	Broker, Brown Brothers					1,000	
W. F. Delany						20	
J. A. M. De Sanchez						25	
E. R. Dibrell	Director Associated Dry Goods Corporation of New York	500			500	250	
W. C. Dickerman							1,000
D. J. Dimock						50	
Dominick & Dominick	Brokers	2,000			10,000	5,000	
Wallace B. Donham					1,000		
Drexel & Co.		50,000	4,000	500	42,000	87,000	
Camille Dreyfuss	President, Celanese Co.					300	
Calib C. Dula		500					
W. Echtermeyer						10	
F. H. Ecker	Director and president, Metropolitan Life Insurance Co., American Express Co., and Chase National Bank of New York	1,000			2,000	1,000	
Cornelia Cousins Egan					500		
Cornelia C. Egan						200	
Martin Egan	Director, Time, Inc., and with J. P. Morgan & Co.		500		500		
Dean Emery						500	
R. W. Emmens, 3d	Gammick & Co., member of firm					100	
Alwena G. Evans						5	
Evans, Stillman & Co.	Brokers				3,000	500	
William Everdell	Vice president Continental Mortgage Guaranty Co.					150	
George B. Everitt	Director Montgomery, Ward Co., Inc., Johns Manville Corporation	500			1,000	500	
Frederic Ewing	Vice president Standard Oil of New York		200			500	
J. V. Ewing Estate						300	
Maria T. Ewing			2,400				
William Ewing	Trustee for Jane Ewing		600				
Do	Partner J. P. Morgan & Co.	10,000	3,565		10,000		
Do	Trustee for Jessie V.		600				
Do	Trustee for Grace V.		600				
Do	Trustee for William Jr.		500				
William Ewing, special						100	
G. Faccioli						80	
Eliot Farley	Director D. L. & W.					1,000	
Mildred Farwell						200	
Dr. E. Ross Faulkner						500	
Samuel Ferguson							500
W. C. Finley						500	
Marshall Field					2,000		
First Chicago Corporation					3,000	2,000	
First National Corporation						2,000	
First Security Co.	J. P. Morgan is director of this company	30,000			25,000	15,000	
Lawrence P. Fisher	Director General Motors Corp.	10,000				2,000	
Herbert Fitzpatrick	Director Pere Marquette R.R., and Chesapeake & Ohio R.R.	1,000					

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			Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	
Name	Title, directorships, etc.	Alleghany	Johns-Man-ville	Johns-Man-ville	Standard Brands	United Cor-poration units	Niagara Hudson units	
Carl Flach.....						50		
Max C. Fleischmann.....	Director Standard Brands, Inc.	1,000				1,000		
Mitchell D. Follansbee.....		1,000						
H. A. Fortington.....	Director Globe Indemnity Co., Newark Fire Insurance Co., and Royal Indemnity Co.	500			500	500		
Albert Foster, Jr.....						30		
Terese Fowler.....						10		
P. A. S. Franklin.....	Director International Mercantile Marine, and National City Bank of New York.	1,000		500	1,000	1,000		
Harry Frass.....						10		
W. E. Frew.....	Chairman board, Corn Exchange Bank.	500			1,000	1,000		
Giovanni Fummi.....		1,000		500	500	500		
W. Tracy Gaffey.....					1,000			
G. L. Gagan.....						10		
Michael Gallagher.....	Director Pere Marquette R.R., and Pitts-ton Co. Cleveland.	1,000						
Mary B. Gammack.....						100		
Thos. H. Gammack.....						200		
George H. Gardiner.....	Davis, Polk, Wardwell, Gardiner & Reed.	500				500		
Thos. Garrett, Jr.....		200				100		
Lydia K. Garrison.....						20		
Mrs. P. McK. Garrison.....						60		
A. L. Gates.....					5,000			
Thomas S. Gates.....	Former partner Drexel & Co.		10,000					
Harvey D. Gibson.....	Director Manufacturers Trust Co., and Aeolian Co.	500		1,500		1,000		
David L. George.....						100		
F. Gibbons.....						10		
Walter S. Gifford.....	Director American Telephone & Telegraph, and president Bank for Savings, and United States Steel Corporation.	1,000		500	1,000			
Mrs. S. Parker Gilbert.....	Wife of partner J. P. Morgan & Co.	500			500	250		
J. Gindorff.....						10		

Phillip G. Gossler	Director American Investors Inc., Guaranty Trust Co. of New York, United Corporation, and president Columbia Gas & Electric.	1,000		2,500	2,000	1,000
Eugene G. Grace	Director Bethlehem Steel Corporation and Guaranty Trust Co. of New York.	1,000				
R. F. Grant	Director Burns Bros., New York and New Jersey and Lehigh Valley Coal Co.	500				
Rudolph Goepel					100	
E. C. Grenfell	Morgan, Grenfell & Co., London.	1,800				
C. E. Greesbeck		500,000		10,000	5,000	2,000
Guaranty Co. of New York		1,600			5,000	
Do				5,000	5,000	
Guggenheim Bros.				1,000		
Perry E. Hall	Partner Drexel & Co.		500	1,000		
Reginald Halladay	Partner Halladay & Co., director Carib Syndicate.			2,000		
T. D. Hallett					10	
Hambleton & Co.					500	
C. P. Hamilton	Vice president American European Securities Co.				1,000	
Henry Hamill					10	
P. T. Hanscom	Director United Electric.				1,000	
W. J. Harahan		1,000		500		
Albert H. Harris			500	500		
Walter P. Haskell					10	
Chester W. Hawkins					5	
Harris, Forbes Corporation				5,000		
Mrs. Hebe Harris					500	
The N. W. Harris Co.				2,000		
Horace Havemeyer	Director Brooklyn Eastern District Terminal, Delaware, Lackawanna & Western, and Remington Arms.	1,000		1,000		
Charles Hayden	Director Adams Express Co., American Express, Coca Cola Co., and 70 other large companies.	2,000	1,000		5,000	
Haystone Securities Corporation				5,000		
Michael G. Herbert		1,200				
R. C. Hill				500	250	
Wm. Hill-Wood					100	
Chas. D. Hilles	Director American Smelting & Refining, Bankers Trust Co., and New York Life Insurance Co.	1,000	500	2,000	1,000	
J. J. B. Hilliard & Sons				1,000		
Geo. C. Hitchcock					300	
Hitt, Farwell & Co., 1 Wall Street.		500		1,000	500	
George Holton				100	50	
Hornblower & Weeks				2,000		
J. A. House	Director Union Lake Erie R.R., Cleveland Builders Supply Co., and Goodyear Tire & Rubber.	1,000				

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Name	Title, directorships, etc.	Alleghany	Johns-Man-ville	Johns-Man-ville	Standard Brands	United Corporation units	Niagara Hudson units
Wm. E. Holloway, Jr.....						10	
George H. Houston.....					1,000		
George H. Howard.....	Director Commonwealth Southern, Electric Bond & Share Co., American Foreign Power Co., and president United Corporation.	1,000			2,000		10,000
R. G. Hutchins.....	Director Allis Chalmers Manufacturing Co., J. B. White Engineering Co., and New York, New Haven & Hartford R.R.	1,000				500	
W. J. Hutchinson.....	C. J. Lawrence & Sons.					500	
Arthur Curtiss James.....	Director Chicago, Burlington & Quincy, First Security Co. of New York, and Phelps Dodge Co.	1,000			2,000	2,000	
Benjamin Joy.....		2,500					
Nelson D. Jay.....		2,500					
A. N. Jones.....						50	
W. J. Jones.....						10	
Jessup & Lamont.....	Brokers				1,000		
Percy H. Johnston.....	President Chemical Bank	1,000			1,000	1,000	
Keane Taylor & Co.....						500	
J. J. H. Keating.....						200	
F. B. Keech & Co.....	Brokers				1,000		
Dan'l Kelleher.....						250	
A. J. Kennedy.....						50	
Cornelius F. Kelley.....	Director Anaconda Copper Corporation, Chile Copper, and Guaranty Trust Co. General manager J. P. Morgan & Co.	1,000		1,000	2,000	1,000	
L. A. Keyes.....					4,600	200	
Kidder, Peabody & Co.....	Brokers	2,000			5,000	2,000	
Roy Kinnear.....						10	
Kuhn, Loeb & Co.....		5,000				5,000	
H. R. Kurrie.....						100	
Thos. W. Lamont, Vernon Munroe, and Wm. Thompson.....	Trustees for benefit of Phillips Exeter Academy.				5,000		

Thos. S. Lamont	Partner J. P. Morgan & Co.	2,500	1,500		2,000		
T. W. Lamont	do	18,000	10,000		20,000		
Lamont, Corliss & Co.				300			
A. C. Lange						10	
Lapondos Corporation		500				250	
Lee, Higginson & Co.	Bankers and brokers	2,000			5,000	3,000	
J. S. Leech					200		
R. C. Leffingwell	Partner J. P. Morgan & Co.	13,500	17,500		10,000		
Augustin Legerreta		500			500	500	
Col. Chas. A. Lindbergh		500			500	300	
A. L. Lindley	Senior partner Lindley & Co., brokers	1,000			2,000		
Harley P. Lindsay						60	
Robert O. Lord					500		
Luke Banks & Weeks					2,000		
H. G. Lloyd	Partner Drexel & Co.		11,000				
S. B. Lynd						100	
Henry E. Machold	Vice president and director F. L. Carlisle Co., and director Marine Midland Co.	2,000			2,000	3,000	
Clarence H. Mackay	Chairman of board Postal Telegraph & Cable	1,000			2,000	1,000	
H. E. Manville	Chairman and executive committee and director Johns-Manville Corporation	1,000				1,000	
John Marshall					500		
Miss Mary Marshall					100		
Henry A. Marting	Partner, Talles, Hogsett & Ginn, attorneys for Alleghany Corporation and vice president and director Chesapeake Corporation						
Wm. Gibbs McAdoo	Former Secretary of Treasury and United States Senator	500			1,000	250	
Lee McCanliss	Davis, Polk, Wardwell, Gardiner & Reed	100					
H. C. McEldowney		1,000			5,000		1,500
Gates W. McGarrath	International Bank of Settlements	500					
Uzal H. McCarter					1,000	750	500
T. N. McCarter	Public Service N.J.-U.G.I.	1,000			1,000	750	500
John McHugh	Chairman executive committee Chase National Bank			250			
D. R. McLennan		1,000		1,000			
R. B. Mellon	Bankers	2,000			5,000	3,000	1,000
C. Macveagh						25	
Mrs. L. P. Macy						500	
Mfrs. Traders Peoples Trust						1,000	
Marine Trust Co.						1,000	
Isabel S. Marsh						250	
Chas. J. Martin						1,000	
Dorothy Martin						100	
R. C. O. Matheny						100	
J. J. McCloy						50	
H. P. McCullogh						200	
T. F. Merselles	Former president Johns-Manville Corporation	2,000	35,000			1,000	
Stephen Merselles					500	100	

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Albert G. Milbank.....	Member firm Milbank, Tweed, Polk & Webb, director Borden & Co., and Chase National Bank.	500			500	500	
C. H. Minor.....						1,000	
Edward G. Miner.....		500			500	1,000	
Minsch, Menell & Co., Inc.....					1,000	1,000	
Charles E. Mitchell.....	Former chairman National City Bank.....	10,000		2,500	10,000	7,000	
S. Z. Mitchell, et al.....	Chairman of board Electric Bond & Share Morgan partner.	2,500			3,000		3,000
W. A. Mitchell.....						100	
Daniel J. Moran.....		500			500	500	
Henry S. Morgan.....	Partner Morgan, Howland Co.....	2,500	1,500		1,000		
Henry S. Morgan, special.....		4,100					
Henry S. Morgan.....						500	
M. Morize.....					100		
A. P. Morgan.....						100	
J. P. Morgan (No. 2 account, J. P. Morgan).....		40,000	55,500		28,750	1,500	
D. M. Morgan.....						10	
J. P. Morgan & Co. & Bonbright & Co.....							2,500
J. P. Morgan & Co., stock account.....		175,100					
J. J. Morgan.....						100	
Morgan & Cie., Paris.....			10,000		20,000	12,000	
Morgan, Grenfell & Co., London.....			15,000		20,000	15,000	
Junius S. Morgan, et al.....						1,200	
Junius S. Morgan, Jr.....	Partner J. P. Morgan & Co.....	8,000	11,000				
J. R. Morron.....	Chairman executive committee Chicago & Alton R.R., director Baltimore & Ohio R.R., Pullman Co., and First Securities Co.	500			1,000	500	
George K. Morrow.....	Chairman board Gold Dust Corporation.....			1,000		1,000	
F. S. Moseley & Co.....	Brokers.....				2,000		

Frederick K. Morrow	President and director United Cigar Stores, and vice president and director Gold Dust Corporation.	1,000		1,000	
Anne S. Morrow			1,500		
Constance C. Morrow, et al			3,000		
John P. Murphy		500		500	
Dwight W. Morrow (deceased)	Former partner of J. P. Morgan & Co.		14,000		2,000
Dwight W. Morrow, account of others			1,100		
Dwight W. Morrow, account J. J. Morrow			700		
Charles. Munroe	Director Columbia Gas & Electric Co.				1,000
E. B. Morris, Jr.					500
Dwight W. Morrow, account J. J. Pershing			700		
Elizabeth C. Morrow			4,000		
Elizabeth R. Morrow			1,500		
Vernon Munroe			250		
J. A. Murray	President Drake Business School			300	
National City Co.		10,000		20,000	400
Newmont Mining Corporation	Albert G. Wiggin, director; Margaret T. Biddle; H. E. Dodge.	10,000		10,000	5,000
J. R. Nutt	Vice president Alleghany Corporation	3,000			10,000
J. D. Northrup					50
Northern Trust Co.					1,000
Nosivad Corporation					3,000
Robert E. Olds		500		500	500
John E. Oldham			500	500	200
Old Colony Corporation				2,000	2,000
M. O'Connor					10
Ruth Ogg					10
Carle Orsi		500		500	
Miss Anne O'Rourke				100	
Gen. John J. Pershing		500		500	250
Harry Peters	Director Consolidated Co. of Chicago				500
Jane Taylor Price			35		
J. J. Pelley				500	
Frank L. Polk	Partner Davis, Polk, Wardwell, Gardiner & Reed.	300			500
W. J. Polk					200
John W. Prentiss	Partner Hornblower & Weeks		500	1,000	1,000
Bernard E. Pollock				2,000	
W. C. Potter	President and director Guaranty Trust Co.; director Atchison, Topeka & Santa Fe.	40,000	2,500	10,000	7,000
Phillips Exeter Academy					500
T. Nelson Perkins				500	
Seward Prosser	Member executive committee and director Bankers Trust Co. of New York.	12,000	2,500	10,000	7,000
Daniel E. Pomeroy	Chairman American Brake Shoe Co.; director Bankers Trust Co.		250		250
Mrs. Bernard E. Pollak				2,000	

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Sale price.....		Name of issue and number of shares sold					
		\$20.....	\$47.50.....	\$57.50.....	\$32.....	\$75.....	
Market price.....		\$31-\$35.....	\$79.....	\$79.....	\$36½-37 (July 6, 1929)	\$93.....	\$25. (27 common. 9¼ class A warrant. No quote class C. Aug. 19, 1929.
Date.....		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	
Name	Title, directorships, etc.	Alleghany	Johns-Man-ville	Johns-Man-ville	Standard Brands	United Cor-poration units	Niagara Hudson units
W. H. Putnam.....							500
William S. Rainsford.....		100					
John J. Raskob.....	Director General Motors.....	2, 000		1, 000	2, 000	2, 500	
Stanley Resor.....					1, 000		
Mrs. D. Y. Ranson, Jr.....						300	
Edgar Rickard.....						400	
J. H. Roraback.....						1, 000	500
G. S. Ruffner.....	President New York Power & Light.....					1, 000	500
Lansing P. Reed.....	Partner, Davis, Polk, Wardwell, Gardiner & Reed.....	300				500	
Samuel W. Reyburn.....	President and director Lord & Taylor.....	500		500	1, 000	500	
Arthur Reynolds.....	Columbia Gas & Electric.....				3, 000		
Esther D. Rich.....						5	
Rose M. Ricketts.....						10	
W. G. Ross.....				1, 000			
W. L. Ross.....		1, 000					
John D. Ryan.....	Director Anaconda Copper Co.; National City Bank.....	1, 000		1, 000	2, 000	1, 000	
Salomon Bros. & Hutzler.....	Brokers.....				1, 000	1, 000	
Franz. Schneider, Jr.....	Director Lehigh Valley Coal Co.; Continental Oil Co.....	500		250	1, 000	1, 000	
Schallekopf, Hutton & Pomeroy, Inc.....	Investment brokers.....	1, 000				1, 500	
J. A. M. deSanchez.....					100		
A. H. Sanford.....						50	
John Sherwin, Sr.....		5, 000					
Mrs. Florence S. Schuette.....					2, 000	1, 000	
E. H. H. Simmons.....	Member firm 52 Broadway.....	1, 000					
Alfred P. Sloan, Jr.....	President General Motors Corporation.....	10, 000		1, 000	7, 500		
Matthew S. Sloan.....		500			1, 000	1, 000	
Edward B. Smith & Co.....	Brokers.....				2, 000		
Vivian H. Smith.....		3, 000					
F. S. Smithers & Co.....		1, 000			3, 000	1, 000	

Somerset Corporation		10,000			5,000	
Harold Standley	Partner J. P. Morgan & Co.	10,000			9,970	
John N. Steele					500	
Charles Steele	Partner J. P. Morgan & Co.	14,000	20,500		5,000	
R. P. Stevens	President American Electric Power Co.					7,000
Charles Steele special		1,000				
H. L. Satterlee	Vice president Life Savings Benevolent Association.				500	
R. N. Searle					1,000	
Charles Seymour					160	
Alfred P. Sloan et al.					3,500	
N. L. Snow					200	
Edith T. Stanley					400	
Gilbert Stanley					1,200	
State Street Investment Corporation.					2,000	
Spenser Trask & Co.				2,000	1,000	
G. D. Steere		2,000				
Stockholm E. Bank					1,000	
E. T. Stotesbury	Partner Drexel & Co.		20,500			
John A. Stephens, Jr.	President Bush Terminal Co.	500		300	500	250
G. D. Stewart						500
Frederick Strauss	Partner J. W. Seligman	1,000			1,000	
Gerard Swope	President General Electric Co., director National City Bank.			1,000		
Edw. R. Stettinius	Vice President General Motors.					250
Mrs. E. B. Stettinius						1,000
Silas H. Strawn		1,000		1,000		
Sutro Bros. Co.						1,000
Charles I. Sturgis					300	
Edwin S. S. Sunderland	Partner Davis, Polk, Wardwell, Gardiner & Reed.	300				400
Cornelius J. Sullivan	Partner Eidlitz & Hall				500	500
Malcolm D. Simpson						25
Harvey H. Smith						40
A. H. Springer						25
J. J. Sullivan						25
Joseph B. Tarbell		500				
Myron C. Taylor	Chairman finance committee United States Steel Corporation.	10,000		5,000	10,000	5,000
Sir Frederick Williams-Taylor				250		
Catherine Taylor						20
Wm. H. Thurston						400
Walter C. Teagle	President and director Standard Oil of New Jersey.	1,500		1,000	2,000	1,500
Wm. Boyce Thompson				4,000	2,500	
Eliz. S. Trippe						250
A. A. Tilney	Bankers Trust Co., chairman of Board				2,000	
Geo. H. Townsend						300
William B. Thompson	Former president of United Gas & Improvement.	1,000				

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

Sale price.....	Market price.....	Date.....	Name of issue and number of shares sold					
			\$20.....	\$47.50.....	\$57.50.....	\$32.....	\$75.....	
			\$31-\$35.....	\$79.....	\$79.....	\$36½-37 (July 6, 1929)	\$93.....	\$25. 27 common. 9¼ class A warrant. No quote class C. Aug. 19, 1929.
			Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	
Name	Title, directorships, etc.	Alleghany	Johns-Man-ville	Johns-Man-ville	Standard Brands	United Cor-poration units	Niagara Hudson units	
Eldridge Thomas						100		
Union Trust Co.						1,000		
Union Trust Co., Pittsburgh						3,000		
O. P. Van Sweringen	Director Alleghany Corporation	2,500			5,000	5,000	4,000	
Allen Wardwell	Partner Davis, Polk, Wardwell, Gardiner & Reed.	300		1,500		400		
Mrs. Marie M. Watkins					.30	100		
Francis T. Ward			500		1,000			
F. Edson White		2,000						
J. duPratt White				1,000				
Robert H. White	Partner Asiel & Co.	1,000				500		
E. N. Wakelee						750		
Kenneth W. Watters					1,000			
N. A. Weathers					1,000	1,500		
J. G. White & Co.						1,000		
White & Case	Attorneys	1,000			2,000	2,000		
White, Weld & Co.	Brokers				5,000			
Margaret S. Whitney						200		
George Whitney, agent	Partner J. P. Morgan & Co.	14,000	20,500		20,000	10,000		
Martha B. Whitney						100		
Richard Whitney	President New York Stock Exchange	1,000			5,750			
Trustees for Martha B. Whitney:						400		
Robert L. Bacon, Gaspar G. Bacon, and Geo. Whitney.								
Richard Whitney & Co.						6,300		
E. L. West							2,000	
J. L. Wilkie							1,000	
C. F. Whigham		3,000						
A. H. Wiggins	Former chairman Chase National Bank	10,000		2,000	8,500	4,000		
Ira E. Wright		500			1,000	1,000		
Joseph Wilshire	President and director Standard Brands, Inc.; Royal Baking Powder Co.	1,000			50,000	1,000		

T. R. Williams					300	
Garrard B. Winston	Director National City Bank and Oliver Farm Equipment Co.		500	500	500	
Wood Struthers & Co.	Brokers	1,000		2,000	1,500	
Daniel G. Wing				2,000		
Winslow Lanier & Co.	Brokers			1,000		
Wm. H. Woodin	Secretary of Treasury	1,000	1,000	1,000	1,000	
Arthur Woods				500	250	
Wood Low & Co.					1,000	
Clarence M. Woolley	Chairman of board American Radiator & Standard Sanitary Co.	1,000	1,000	2,000	1,000	
Mrs. Norsmae Wylie				200		
A. H. Wigren, G. Jordan, and L. A. Keyes, as trustees for benefit Andover Academy.				5,000		
F. C. Weems					100	
P. M. Trace					10	
Miss Anna Walsh					10	
Cornelius J. Walsh					10	
Hartland West					10	
A. H. Wilson					25	
Owen D. Young	Chairman of board General Electric Co.	5,000	1,000			6,000
John M. Young				100	50	
Percy S. Young					750	
L. Edmund Zacher		500		500	500	
Wm. Ziegler, Jr.	Director Standard Brands	200			200	
Total		1,250,000	343,450	56,550	722,600	600,000
						56,500

NOTE.—See supplementary list following, redistribution of Alleghany Corporation stock by Drexel & Co.

Selected list showing distribution of stock by Drexel & Co.

Sale price.....		\$20.....	\$75.....
Market price.....		\$31-\$35.....	\$93.....
Date.....		Feb. 15, 1929	Jan. 21, 1929
Name	Title, directorships, etc.	Alleghany	United Corporation units
Hiester S. Albright.....			100
Edgar Allegaert.....			100
J. Howard Arthur.....			25
Thomas G. Ashton.....	Director Baldwin Locomotive Works; Philadelphia & Western Ry. Co.	500	300
W. W. Atterbury.....	President and director Pennsylvania R.R. Co. and subsidiaries; director Continental Illinois National Bank & Trust Co.; Guaranty Trust Co., New York; Philadelphia National Bank.	500	2,500
Charles T. Bach.....			50
George Barker.....			100
C. D. Barney & Co.....			2,500
Thomas J. Baldridge.....		200	
Charles W. Bayliss.....	Vice president General Asphalt Co.	100	
Thaddeus R. Beal.....			1,000
Charles G. Berwind.....	Vice president and director Berwind-White Coal Mining Co., Philadelphia.	400	200
Henry A. Berwind.....		600	300
Anthony J. Drexel Biddle.....			100
Cordelia Bradley Biddle.....			100
Eugenia L. Biddle.....			100
Livingston L. Biddle.....			100
Thomas B. Biddle & Co.....			2,000
Bioren & Co.....			1,500
George H. Blake.....			50
Morris R. Bockius.....			500
William W. Bodine.....	Vice president United Gas Improvement Co.; director American Superpower Co.; First National Bank, Philadelphia; trustee Pennsylvania Mutual Life Insurance Co.; director Provident Trust Co., Philadelphia; Fidelity-Philadelphia Trust Co.	200	500
Samuel T. Bodine.....		500	
Matthew R. Boylan.....			100
Francis B. Bracken.....		100	500
Henry G. Brengle.....	President Fidelity-Philadelphia Trust Co.; vice president and director United New York R.R. & Canal Co.	200	200
Sarah H. O. Bright.....			100
Clarence C. Brinton.....			100
Alex Brown & Sons.....			2,000
Edward Browning, Jr.....			100
Robert J. Brunker.....			200
Arthur S. Burgess.....		50	
James R. Calhoun.....			6
Cassatt & Co.....			2,500
E. W. Clark & Co.....			2,000
John A. Clark.....			100
John L. Clawson.....			100
M. Worthington Clement.....			100
Morris L. Clothier.....			1,000
B. Dawson Coleman.....	President and director the First National Bank of Lebanon, Pa.; director Girard Trust Co., Philadelphia.	500	300
Thomas Conway, Jr.....			300
Jay Cooke.....		1,000	2,000
Albert J. County.....			100
D. Graham Craig.....		100	100
Anne L. Crossdill.....			30
Samuel M. Curwen.....		500	300
Charles Day.....		500	
Agnew T. Dice.....			300
Margretta B. Dice.....		500	
William C. Dickerman.....			5,000
Emily P. Dickson.....			50
Anthony J. Drexel.....			400
Drexel & Co.....		900	
Mary Thompson Drinker.....			50
Sophie H. Drinker.....		100	100
John C. Dunn.....			25
Frederick W. Edmondson.....			50
George D. Edwards.....			25
Elkins, Morris & Co.....			2,000
Eleanor Mayo Riverson.....			1,000
William N. Ely.....	Vice president Girard Trust Co.; director Philadelphia National Bank.	200	

Selected list showing distribution of stock by Drexel & Co.—Continued

Sale price.....		\$20.....	\$75.....
Market price.....		\$31-\$35.....	\$93.....
Date.....		Feb. 15, 1929	Jan. 21, 1929
Name	Title, directorships, etc.	Alleghany	United Corporation units
Florence L. Etting.....			25
Charles H. Ewing.....	Vice president Reading Co.....	100	
Julian L. Eysmans.....			100
Edgar C. Felton.....			200
Philip H. Gadsden.....	Vice president United Gas Improvement Co., Philadelphia, director the Fidelity Mutual Life Insurance Co.	250	300
Estelle B. Gadsden.....		250	
John K. Garrigues.....			100
Thomas S. Gates.....	President University of Pennsylvania, director Pennsylvania R.R., member executive committee and director United Gas Improvement.	4,000	1,000
Jay Gates.....			400
Clarence H. Geist.....	President the C. H. Geist Co. (Philadelphia), United Gas Improvement Co., director, president, and director Indianapolis Water Co.	600	
C. H. Geist Securities Corporation.....			2,500
General Coal Securities Corporation.....			100
William P. Gest.....	Chairman Board Fidelity-Philadelphia Trust Co.	500	600
Robert Glendinning & Co.....			2,100
Gertrude C. Glover.....			25
Herbert W. Goodall.....	President and director Trademens National Bank & Trust Co.	100	200
Graham, Parsons & Co.....			1,500
Alfred M. Gray.....	Secretary-treasurer and director Pennsylvania Traffic Co.	100	100
Albert M. Greenfield.....			1,000
John H. Gross.....		200	50
Harry J. Haas.....	Vice president and director First National Bank of Philadelphia, chairman finance committee and director Philadelphia Commercial Exchange.	200	100
T. Truxton Hare.....			100
Jonas S. Harley.....			100
Harrison & Co.....			1,000
Charles V. Henry.....			100
Wm. M. Hollanbach.....			200
John Hopkins.....			100
Edward Hopkinson, Jr.....	Partner Drexel & Co., partner J. P. Morgan & Co., partner Morgan, Grenfell & Co., partner Morgan et Cie., Paris, director United Corporation, director United Gas Improvement Co., partner Philadelphia Electric Co., partner Philadelphia Electric Power Co.	4,500	1,000
Daniel Houseman.....			100
Thomas W. Hulme.....			100
George H. Houston.....	President and director the Baldwin Locomotive Works, president and director Standard Steel Works Co., chairman executive committee member finance committee General Steel Castings Corporation.	200	200
Fred S. Hutchings.....			100
James T. Hutchings.....			100
Charles E. Ingersoll.....			500
Albert A. Jackson.....	President and manager Girard Trust Co.	200	250
Janney & Co.....			1,000
Archibald T. Johnson.....			50
Livingston E. Jones.....	President and director First National Bank (Philadelphia).	300	
Arthur Jones.....			25
Edith Bolling Jones.....			200
John W. Kephart.....		300	200
Moorhead C. Kennedy.....			100
Reid Kennedy.....			50
Florence M. Kephart.....			100
Henry H. King.....			50
Leonard H. Kinnard.....			200
William T. Kirk.....		100	100
William W. Kitzmiller.....			50
Charles Z. Klauder.....			200
Louis J. Kolb.....		500	500

Selected list showing distribution of stock by Drexel & Co.—Continued

Sale price.....		\$20.....	\$75.....
Market price.....		\$31-\$35.....	\$93.....
Date.....		Feb. 15, 1929	Jan. 21, 1929
Name	Title, directorships, etc.	Alleghany	United Corporation units
Conrad N. Lauer.....	President and director the Philadelphia Gas Works Co.; vice president United Gas Improvement Co.; chairman executive committee and director Sharp & Dohme, Inc.	300	-----
Walter D. Larzelere.....			100
William A. Law.....	President and trustee the Penn. Mutual Life Insurance Co.; director First National Bank, Philadelphia; director Fidelity-Philadelphia Trust Co.; director Reading Co.; director Philadelphia Electric Co.	500	300
Van Antwerp Lea.....			100
Edward B. Leisenring.....	Vice president and director general Coal Securities Corporation; director Fidelity-Philadelphia Trust Co.	1,000	100
Francis A. Lewis.....			200
Charles F. Lineaweaver.....		200	200
Horace P. Liversidge.....			200
Eleanor M. Lloyd.....			100
George F. Lloyd.....			50
H. G. Lloyd.....	Partner, J. P. Morgan & Co.; Morgan, Grenfell & Co.; Morgan et Cie., Paris; director Philadelphia Electric Co., Philadelphia Electric Power Co., and Susquehanna Power Co.	4,000	1,000
H. G. Lloyd, Jr.....		1,000	250
Stacy B. Lloyd.....			300
Walter E. Long.....			100
Howard Loeb.....	Chairman and director Tradesmens National Bank & Trust Co.; director Sharp & Dohme, Inc.	100	-----
Edward E. Loomis.....	President and member executive and finance committee and director Lehigh Valley R.R. Co.; director American Telegraph and Telephone.	500	500
Uzal H. McCarter.....			450
Edward McDonald.....			50
George H. McFadden & Bros.....		1,000	500
William J. McGlinn.....			100
John W. McGregor.....			25
Andrew J. Maloney.....	President and director Philadelphia & Reading Coal & Iron Corporation; director National Light & Power Co.	300	288
Caroline F. Maloney.....			12
Donald Markle.....	President and director Jeddo-Highland Coal Co.	500	300
John C. Martin.....		1,000	1,000
John H. Mason.....		200	300
Sidney Mason.....			100
William Clark Mason.....			200
Joseph B. Mayer.....			100
John C. Miller.....			50
John W. Minds.....			100
Montgomery, Scott & Co.....			100
C. Eldridge Morgan.....			200
E. Corliss Morgan.....			200
William R. Morgan.....			100
Marshall S. Morgan.....	Assistant to chairman board Fidelity-Philadelphia Trust Co.; director North Pennsylvania R.R. Co.	200	100
Effingham B. Morris.....			500
Effingham B. Morris, Jr.....	Vice president Girard Trust Co.; director First National Bank of Philadelphia; director United Gas Improvement Co.	200	500
I. Wister Morris.....			200
Arthur V. Morton.....	Vice president Pennsylvania Co. for Insurance on Lives and Granting Annuities; director Philadelphia National Bank & Philadelphia Bourse	200	200
Catharine T. Munson.....			300
Jonathan C. Neff.....	Vice president and director Fidelity-Philadelphia Trust Co.; director Philadelphia National Bank.	200	100
A. E. Newbold.....		2,000	-----
A. E. Newbold, Jr.....			500
W. H. Newbold's Son & Co.....			1,500

Selected list showing distribution of stock by Drexel & Co.—Continued

Sale price.....		\$20.....	\$75.
Market price.....		\$31-\$35.....	\$93.
Date.....		Feb. 15, 1929	Jan. 21, 1929
Name	Title, directorships, etc.	Alleghany	United Corporation units
C. Stevenson Newhall.....	Executive vice president and director, The Pennsylvania Co. for Insurance on Lives & Granting Annuities; director Finance Corporation of America; director Philadelphia Suburban Water Co.; director The Reading Co.; director North Pennsylvania Railroad Co.	100	1000
Thomas Newhall.....	Partner Drexel & Co., partner J. P. Morgan & Co.; director Baldwin Locomotive Works; director General Steel Castings Corporation; director Sharp & Dohme Inc.	4,000	1,000
William Obdyke.....		2,000	500
Richard E. Norton.....	Manager Hornblower & Weeks (Philadelphia).	200	-----
Charles S. W. Packard.....	President and director Pennsylvania Co., Insuring Lives & Granting Annuities; director Philadelphia National Bank; director Finance Corporation of America.	200	200
Joshua A. Pearson.....			200
George Wharton Pepper.....		200	200
O. H. Perry Pepper.....		100	-----
Henry C. Place.....			100
Charles Raymond Potts.....			100
Francis X. Quinn.....			200
Evan Randolph.....	Vice president and director The Philadelphia National Bank.	200	200
Catherine C. Rapley.....			25
Mary Thompson Reath.....			50
Edward B. Robinette.....			2,000
Alexander C. Robinson.....			50
Mary D. Robinson.....			200
Owen J. Roberts.....		100	100
E. Robert Ritter.....		100	-----
Benjamin Rush.....	President Insurance Co. of North America; director Fidelity-Philadelphia Trust Co.	500	300
Fred J. Rutledge.....			200
Sylvester B. Sadler.....			200
Bernard Samuel.....		50	25
William I. Schaffer.....	Trustee, Pennsylvania Mutual Life Insurance Co.	500	500
Charles H. Schlacks.....			200
Frank C. Schroeder.....			25
Garfield Scott.....			200
Harold S. Schutt.....	Vice president and director Indianapolis Water Co.; Indianapolis Water Works Securities Co.; various water works companies.	200	-----
Frank Seamans.....	Vice president and director the Barber-Asphalt Co.	100	-----
Arthur W. Sewall.....	President and director General Asphalt Co.; director Baldwin Locomotive Works, Federal Reserve Bank, third district.	300	200
George Siefert, Jr.....			25
J. Willison Smith.....			100
E. T. Stotesbury.....	Partner Drexel & Co., J. P. Morgan & Co.; member Philadelphia Stock Exchange.	4,000	1,000
Harrison, Smith & Co.....			1,500
Alfred G. B. Steel.....			200
Samuel J. Steele, Jr.....			100
Stone, Webster & Blodgett, Inc.....			2,000
Morris W. Stroud.....			200
Stroud & Co., Inc.....			3,000
Jeremiah J. Sullivan, Jr.....			300
John J. Sullivan.....			300
George H. Stuart, 3d.....		200	-----
Walter Lamar Talbot.....			100
Clyde C. Taylor.....			25
Frank H. Taylor.....	President and director the Pickford Telephone Co. (Pickford, Mich.).	50	50
William H. Taylor.....			200
Paul Thompson.....			200
John B. Townsend.....			100
Joseph B. Townsend.....			100
Townsend, Whelan & Co.....			500
Lewis H. Van Duzen.....			200
T. Wilson Van Middlesworth.....			50

Selected list showing distribution of stock by Drexel & Co.—Continued

Sale price.....		\$20.....	\$75.
Market price.....		\$31-\$35.....	\$93.
Date.....		Feb. 15, 1929	Jan. 21, 1929
Name	Title, directorships, etc.	Alleghany	United Corporation units
Samuel M. Vauclair.....	Chairman of Board, Baldwin Locomotive Works; chairman and director Standard Steel Works; director Westinghouse Electric Manufacturing Co., Westinghouse Electric International Co., Westinghouse Acceptance Corporation, Fidelity-Philadelphia Trust Co., General Steel Castings Corporation.	500	600
Alexander Van Renaselaer.....			200
Sarah Drexel Van Rensselaer.....			200
Robert von Moschzisker.....		150	400
C. D. Waddell.....			100
Carroll J. Waddell.....		100	
Edmund W. Wakele.....			200
Charles C. Walbridge.....			1,000
Philip Wallis.....			25
Clarence A. Warden.....			1,000
William C. Warden.....			1,000
Samuel D. Warriner.....	President and manager Lehigh Coal & Navigation Co.; director National Light & Power Corporation (New York City).	1,000	600
Joseph Wayne, Jr.....	President and director the Philadelphia National Bank; director Federal Reserve Bank; Pennsylvania R.R. Co.	300	1,000
Joseph W. Wear.....			500
John H. Weaver.....	President, treasurer, and director J. H. Weaver & Co.; sundry railroads and mining companies.	300	300
West & Co.....			1,000
James M. Willcox.....	President member board managers, Philadelphia Saving Fund Society; Director Philadelphia National Bank.	500	300
John L. Wilkie.....			1,000
Parker S. Williams.....			300
Asa S. Wing.....			50
Clement B. Wood.....			200
Wendell J. Wright.....			50
Edward H. York, Jr.....	First vice president, treasurer, and director Haytian Corporation of America.	100	100
Frederick S. Wynn.....			200
Percy S. Young.....			200
Richard R. Young.....			100
John E. Zimmerman.....		500	
Total.....		50,000	90,061

FRONTISPIECE

The following chart sets out the corporate relationship of J. P. Morgan & Co. and Drexel & Co. established through the partners of the two aforementioned companies serving in the capacity of "director" of the 89 corporations and banks, with the 537 nonpartner directors thereof. These latter 537 nonpartner directors also served on the board of directors of 2,175 additional companies the chart setting out the two classes of corporations, etc., under separate major titles.

To further illustrate and establish the relationship and control of the two companies mentioned above over the directors of the entire 2,264 corporations and banks, the list of nonpartner directors discloses that 82 of same appear on the four "selected lists" of J. P. Morgan & Co. and 8 as having secured loans from J. P. Morgan & Co. or Drexel & Co.

The chart further segregates the two major classifications of corporations and banks into group operating classifications setting out where possible the combined resources of each.

EXHIBIT A.—Banks and trust companies of which partners of J. P. Morgan & Co. and Drexel & Co. are listed as being members of the board of directors or trustees

Company	Number of directorships	Total assets
Bankers Trust Co.....	3	\$708,687,000
Bank for Savings of the City of New York.....	1	230,612,000
Discount Corporation of New York.....	1	77,375,000
Guaranty Trust Co. of New York.....	2	1,410,786,000
New York Trust Co.....	2	324,222,000
City Bank Farmers Trust Co.....	1	72,693,000
Girard Trust Co.....	2	102,720,000
Fidelity Philadelphia Trust Co.....	1	112,111,000
Pennsylvania Co. for Insurance on Lives and Granting Annuities.....	1	243,392,000
Maine Line Trust Co.....	1	1,722,000
Germantown Trust Co.....	1	20,731,000
Philadelphia Savings Fund Society.....	1	340,258,000
Integrity Trust Co.....	1	59,427,000
Western Savings Fund Society.....	1	93,144,000
Northern Trust Co.....	1	13,531,000
Total.....	20	3,811,411,000

EXHIBIT B.—Miscellaneous holding companies of which partners of J. P. Morgan & Co. and Drexel & Co. are listed as being members of the board of directors or trustees

Company	Number of directorships	Total assets
American Foreign Securities Co.....	1	(1)
American Securities Investing Corporation.....	2	(1)
First Security Co. of the City of New York.....	2	\$57,434,475.39
Foreign Finance Corporation.....	5	(1)
Richmond-Washington Co.....	1	17,309,000.00
Willow Corporation.....	2	(1)
United States Guarantee Co.....	1	9,043,000.00
Total.....	14	83,786,475.39

¹ Statements not published.

EXHIBIT C.—Railroad companies of which partners of J. P. Morgan & Co. and Drexel & Co. are listed as being members of the board of directors or trustees

Company	Number of directorships	Total assets
Atchison, Topeka & Santa Fe Ry. Co.....	1	\$1,267,643,000
Chicago & Erie R.R. Co.....	1	42,035,000
Lehigh & Hudson River Ry. Co.....	1	8,297,000
National Ry. of Mexico (1,159,735 pesos).....	1	579,867,000
New Jersey & New York R.R. Co.....	1	3,882,000
New York & Middle Coal Field Railroad & Coal Co. (controlled by Lehigh Valley R.R. Co.).....	1	(1)
New York Susquehanna & Western R.R. Co.....	1	50,712,000
Northern Pacific R.R. Co.....	3	848,270,000
Reading Co.....	1	473,161,000
Western Pacific R.R. Co.....	1	162,799,000
Total.....	12	3,436,666,000

¹ No statement available.

EXHIBIT D.—*Public utility companies of which partners of J. P. Morgan & Co. and Drexel & Co. are listed as being members of the board of directors or trustees*

Company	Number of directorships	Total assets
HOLDING COMPANIES		
International Telephone & Telegraph Co.	2	\$566, 065, 000
United Gas Improvement Co.	2	841, 173, 000
United Corporation.	3	593, 546, 000
Columbia Gas & Electric Co.	1	734, 470, 000
Niagara Hudson Power.	1	669, 301, 000
Total.	9	3, 404, 555, 000
OPERATING COMPANIES		
Bell Telephone of Pennsylvania.	1	328, 970, 000
Frankford and Southwark Philadelphia City Passenger Ry. Co.	1	2, 177, 000
Philadelphia Electric Co.	2	413, 921, 000
Public Service Corporation of New Jersey.	1	707, 797, 000
Second and Third Street Passenger Ry. Co.	2	1, 069, 000
Diamond States Telephone Co.	1	8, 512, 000
Consolidated Gas Co. of New York.	1	1, 353, 320, 000
Wyoming Valley Water Supply Co.	1	2, 381, 000
Total.	10	2, 818, 147, 000

EXHIBIT E.—*Industrial companies of which partners of J. P. Morgan & Co. and Drexel & Co. are listed as being members of the board of directors or trustees*

Company	Number of directorships	Total assets
Johns-Manville Corporation.	2	\$36, 033, 000. 00
American Radiator & Standard Sanitary Corporation.	1	149, 983, 000. 00
General Electric Co.	1	405, 120, 000. 00
Kennecott Copper Corporation.	3	287, 011, 000. 00
Standard Brands, Inc.	2	63, 651, 000. 00
Montgomery Ward & Co.	1	141, 555, 000. 00
Beaver Coal Corporation.	2	(¹)
American Pulley Co.	1	2, 858, 000. 00
Sharp & Dohne, Inc.	2	10, 316, 000. 00
Stonoga Coal & Coke Co.	1	(¹)
J. I. Case Threshing Machine Co.	1	48, 643, 000. 00
Associated Dry Goods Co.	1	42, 738, 000. 00
Lehigh Valley Coal Corporation.	2	64, 069, 000. 00
Philadelphia Steel & Wire Corporation.	1	(¹)
Keystone Watch Case Corporation.	1	2, 923, 000. 00
Texas Gulf Sulphur Co.	2	47, 553, 000. 00
Phelps Dodge Corporation.	1	343, 773, 000. 00
Continental Oil Co.	2	87, 518, 000. 00
United States Steel Corporation.	3	2, 158, 732, 000. 00
Crowell Publishing Co.	1	30, 490, 000. 00
International Agriculture Corporation.	1	30, 697, 000. 00
International Harvester Co.	1	as at 6/3/32
Lamont, Corliss & Co.	1	346, 736, 000. 00
Southwestern Construction Co.	1	6, 504, 000. 00
Chas. E. Hires.	1	(¹)
Markles Corporation.	3	5, 075, 000. 00
General Asphalt Co.	1	(¹)
General Motors Corporation.	1	43, 990, 000. 00
Philadelphia & Reading Coal & Iron Corporation.	2	1, 115, 228, 000. 00
Baldwin Locomotive Works.	2	117, 196, 000. 00
General Steel Castings.	2	83, 987, 000. 00
Cerro de Paseo Copper Corporation.	1	39, 353, 000. 00
Highland Coal Co.	1	40, 986, 000. 00
National Storage Co.	1	(¹)
Bellevue Stratford Hotel Co.	1	(¹)
De Bardelben Coal Corporation.	1	8, 625, 000. 00
Pullman Co.	2	276, 301, 000. 00
150 William Street Corporation.	1	(¹)
Total.	55	6, 037, 644, 000. 00

¹ No statement available.

EXHIBIT F.—*Insurance companies of which partners of J. P. Morgan & Co. and Drexel & Co. are listed as being members of the board of directors or trustees*

Company	Number of direc- torships	Total assets
Aetna Insurance Co.....	1	\$53,959,000.00
Fire Association of Philadelphia and Subsidiaries.....	1	21,119,000.00
Pennsylvania Fire Insurance Co.....	1	14,521,000.00
North British & Mercantile Insurance Co., Ltd., Dec. 31, 1931.....	1	175,936,000.00
Royal Exchange Assurance Co. (American branch), Dec. 31, 1931.....	1	71,652,000.00
Transportation Mutual Insurance Co.....	1	(1)
Total.....	6	337,187,000.00

¹ No statement.

EXHIBIT G

NONPARTNER DIRECTORS AND TRUSTEES, BANKS AND TRUST COMPANIES

Aldine Trust Co.
 American Contract & Trust Co.
 American Express Bank & Trust Co.
 American National Bank in Winter Haven.
 American Trust Co. (San Francisco, Calif.).
 Ampere Bank & Trust Co.
 Asia Banking Co.
 Bank of New York & Trust Co.
 Bankers Company.
 Bankers Trust Co.
 Bowery Savings Bank.
 Bronxville Trust Co.
 Bank of America (California).
 Bank of America Safe Deposit Co.
 Bank of Manhattan Co.
 Bank of Saginaw, Michigan.
 Bankers Trust Co. of Hartford.
 Banque Nationale des la Rep. d'Haiti.
 Berwind Bank.
 Brooklyn Trust Co.
 Central Farmers Trust Co.
 Chatham-Phenix National Bank & Trust Co.
 Chicago Title & Trust Co.
 Commercial National Bank & Trust Co., New York.
 Commonwealth Title Co.
 California National Bank.
 Calumet National Bank (Chicago).
 Central Hanover Bank & Trust Co.
 Central National Bank (Topeka, Kans.).
 Central National Bank (Philadelphia).
 Central Penn National Bank.
 Central Republic Trust Co.
 Central Safety Deposit Co.
 Central Trust Co. Topeka, Kansas.
 Chase National Bank.
 Chase Safe Deposit Co.
 Chemical Bank & Trust Co.
 Chemical National Bank.
 Citizens Banking Co., Oil City, Pa.
 Citizens National Bank.
 Citizens National Bank & Trust Co. Englewood, N.J.
 Citizens Trust Co. (Clarion, Pa.).
 Citizens Trust Co., Adams, N.Y.
 Clarion County National Bank.
 Colonial Trust Co. (Pittsburgh, Pa.).
 Commercial Trust Co., New Jersey.
 Congress Trust & Savings Bank.

Connecticut River Banking Co. (Hartford, Conn.).
Continental Illinois Bank & Trust Co.
Continental Mortgage Guarantee Co., New York.
Corn Exchange Bank Trust Co.
County Trust Co., New York.
Delaware County National Bank, Chester, Pa.
Drovers National Bank (Chicago, Ill.).
Dry Dock Savings Institution (New York).
Dunbar National Bank (New York).
Eastport National Bank.
Emigrant Industrial Savings Bank, New York.
Empire Trust Co. (New York).
Empire Trust.
Equitable Trust Co., New York.
Equitable Eastern Banking Corp.
Essex County Trust Co. (East Orange).
Federal Reserve Bank of New York.
Federal Reserve Bank of Cleveland.
Federal Reserve Bank of Philadelphia.
Fidelity Philadelphia Trust Co.
Fidelity Safe Deposit Co., New York.
Fidelity Union Trust Co., Newark, N.J.
Fidelity Trust Co., Pittsburgh, Pa.
Fifth Avenue Bank (New York).
Fifth Ave. Bank Safe Deposit Vaults, Inc.
First Bank Stock Corporation, St. Paul, Minn.
First Bank Stock Investment Co.
First National Bank, New York.
First National Bank, Birmingham.
First National Bank, Boston.
First National Bank, Chicago.
First National Bank, Cloquet, Minn.
First National Bank, Emlenton, Pa.
First National Bank, Hartford, Conn.
First National Bank, Kansas City.
First National Bank of Lake Forest.
First National Bank, Marquette, Mich.
First National Bank, Milton, Pa.
First National Bank, Oil City, Pa.
First National Bank, Philadelphia.
First National Bank of Pleasantville, N.Y.
First National Bank of Riverside, N.J.
First National Bank, Scranton, Pa.
First National Bank, Sheridan, Ohio.
First National Bank, Southampton.
First National Bank, St. Paul.
First National Bank of Wanwatosa, Wis.
First National Bank, Warwick, N.Y.
First National Bank, Wichita, Kans.
First Seattle Dexter Horner National Bank.
First & Second National Bank & Trust Co., Oswego.
First Trust & Deposit Co. (Syracuse, N.Y.).
First Trust & Savings Bank, Chicago.
First Union Trust & Savings Bank, Chicago.
Foreman State National Bank.
Franklin Savings Bank, New York.
French American Banking Corporation.
Fulton Safe Deposit Co.
Fulton Trust Co. of New York.
Grace National Bank, New York.
Greenwich Savings Bank.
Greenwich Trust Co.
Guaranty Safe Deposit Co.
Guaranty Savings Building & Loan Association.
Guaranty Trust Co., New York.
Guaranty Trust Co., Cleveland.
Harriman National Bank.

Harris Trust & Savings Bank.
Hartford (Connecticut) Trust Co.
Hartford National Bank & Trust Co.
Howan Savings Institution.
Hudson Trust Co.
Humboldt State Bank.
Industrial Acceptance Co.
Industrial Bank of Hartford, Inc.
International Acceptance Bank, Inc.
International Banking Corporation.
Interstate National Bank.
Irving Trust Co.
Lawyers Mortgage Co.
Lawyers Title & Guaranty Co.
Lawyers Trust Co.
Liberty Insurance Bank.
Lockport Exchange Trust Co.
Louisville Title Co.
Madison Kedzire Trust & Savings Bank.
The Manhattan Co.
Manor Real Estate & Trust Co.
Manufacturers & Traders Trust Co.
Manufacturers Trust Co.
Marine Midland Trust Co.
Marine Midland Corporation.
Market Street National Bank.
Marquette County Savings Bank.
Mechanics Savings Bank.
Mechanics Trust Company of New Jersey.
Mellon National Bank.
Merchants Bank & Trust Co. (Norwalk, Conn.).
Merchants Trust Co., Union City, N.J.
The Midland Bank, Cleveland, Ohio.
Miners Bank (Wilkes-Barre, Pa.).
Montreal Trust Co.
Morris Plan Bank (Hartford).
Morristown Trust Co. (Morristown, N.J.).
Mortgage Bond & Title Corporation, Delaware.
Mortgage Bond Company of New York.
Mutual Depositor Corporation, New York.
Nassau Building & Loan Association.
National Bank of America at Pittsburgh, Pa.
National Bond & Share Corporation (Delaware).
National City Bank, New York.
New York Trust Co., New York.
Newport Trust Co. (Newport, R.I.).
Fourth Avenue State Bank, Chicago.
North River Savings Bank, New York.
Northwestern National Bank, Milwaukee.
Northern New York Trust Co. (Watertown, N.Y.).
Northwest Bancorporation (Delaware).
Northwestern National Bank (Minneapolis).
Nyack National Bank (Nyack, N.Y.).
New York Title & Mortgage Co.
Oakland Savings & Trust.
Oil City National Bank.
Palisades Trust & Guaranty Co., Englewood.
The Park Trust Co., Weekawken, N.J.
Peopack-Gladstone Trust Co.
Peoples National Bank (Clintonville, Pa.).
Peoples National Bank (East Body, Pa.).
Peoples Trust & Savings Bank, Chicago, Ill.
Personal Loan & Savings Bank, Chicago, Ill.
Philadelphia National Bank, Philadelphia.
Philadelphia Trust Co.
Phoenix State Bank & Trust Co.
Provident Loan Society of New York.
Provident Trust Co., Philadelphia.

Putnam Trust Co. (Greenwich, Conn.).
 Real Estate Land Title & Trust Co., Philadelphia.
 Real Estate Trust Co., Philadelphia.
 Riggs National Bank, Washington.
 Safe Deposit Co. of New York Trust Co.
 Saving Fund Society of Germantown.
 Scarsdale National Bank & Trust Co.
 Schenectady Trust Co. (Schenectady N.Y.)
 J. Henry Schroder Trust Co.
 J. Henry Schroder Banking Corporation.
 Scranton Lackawanna Trust Co.
 Seamen's Bank for Savings, New York.
 Security First National Bank, Los Angeles.
 Society for Savings (Hartford, Conn.).
 Standard Safe Deposit Co.
 Security Bank of Chicago.
 State Savings Bank.
 State Savings Bank, Hartford, Conn.
 State Savings Bank. St. Paul.
 State Street Trust Co.
 Suffolk Savings Bank for Seamen and Others.
 Sussex County Trust Co.
 Title Guarantee & Trust Co., Los Angeles.
 Tradesmens National Bank (Oklahoma City).
 Travelers Bank & Trust Co.
 Trenton Banking Co.
 Trust Company of New Jersey.
 Tuxedo National Bank.
 Union County Trust Co.
 Union Dime Savings Bank.
 Union & Peoples National Bank (Jackson, Mich.)
 Union Savings Bank, Pittsburgh.
 Union Square Savings Bank.
 Union Trust Co., Pittsburgh, Pa.
 Union Trust Co., Cleveland, Ohio.
 U.S. Trust Co., New York City.
 U.S. Trust N.Y. (trustee).
 Valley Bank & Trust Co., Phoenix, Ariz.
 West Hudson County Trust, Harrison, N.J.
 West Side Savings Bank.
 Wilmette State Bank Wilmette, Ill.
 Wilmington Savings & Trust Co., North Carolina.
 Wilmington Trust Co., Wilmington, Del.
 Winbar Trust Co.
 Workingmans Savings Bank & Trust Co.

EXHIBIT H

Nonpartner directors and trustees, security companies

Air Investors, Inc.
 Allied Securities Corporation.
 American Corporation Bond & Share Co.
 American International Corporation.
 Amsuco Securities Co.
 Aviation Corporation of the Americas.
 Aviation Shares Corporation.
 Bell Telephone Securities Co.
 Chase Harris Forbes Corporation.
 Chemical National Co.
 Chicago Corporation.
 Columbia Securities Corporation.
 Commercial National Corporation.
 Continental Chicago Corporation (Delaware).
 Continental Securities Corporation (Maryland).
 Electric Overseas Investment Co.
 Electrical Securities Corporation.
 Federal Bond & Share Co.

Fidelity Union Title Mortgage Guaranty Co.
Finance Corporation of America, Pennsylvania.
First Security Corporation, Ogden, Utah.
Fishers Island Corporation.
General American Investors Co.
The Graymur Corporation (Delaware).
Heating & Plumbing Finance Corporation.
Incorporated Investors (Massachusetts).
Insurance Securities Co., Inc.
International European Investing Corporation.
Investead Corporation.
Irving Investors Management Co.
Lee, Higginson Trust Co.
Lehman Corporation.
M. T. Securities Corporation.
Maydor Investment Co.
Metropolitan Investment Co.
National City Company.
N. J. General Security Co.
Oilstocks, Ltd., Delaware.
Pennroad Corporation.
Philadelphia Investment.
Phoenix Securities Corporation.
Premier Shares Co.
Public National Corporation.
Railroad Equipment Financing Corporation.
Republic Securities Co.
Rossia International Corporation.
St. Lawrence Shares Corporation.
Second National Investors Corporation.
Selected Industries, Inc.
Silesian Holding Co.
Somerset Securities Corporation.
Southern Pacific Co.
Standard Investing Corporation.
Sterling Securities Corporation.
Sutter Investment Co.
Transamerica Corporation.
Transatlantic Securities Co.
Tuxedo Securities Corporation.
U. S. & Foreign Securities Co.
United Utilities Co.
The Vaness Co.
Virginia Holding Corporation.
Western Savings Fund Society, Philadelphia.
Western Savings Society.
Yosemite Holding Corporation.
Alleghany Corporation.
American & Continental Corporation.
American Investors, Inc.
Atlas Utilities Corporation.
Aviation Corporation of Delaware.
Bankers Co.
Bessemere Securities Co.
Chemical Securities Corporation.
Chanler Holding Corporation.
Chase Securities Corporation.
Christiana Securities Co. (Delaware).
Columbia Syndicate.
Commonwealth & Southern Corporation.
Continental Illinois Co.
Curtis Southwestern Co.
Dominion Securities Co.
European Mortgage & Investing Co.
Fidelity Union Stock & Bond Co.
Fifth Avenue Bus Securities Corporation.

First American (Duluth, Minn.).
First Security Trust Co., Salt Lake City.
Fourth National Investors.
W. A. Harriman Securities Corporation.
Huron Holding Corporation.
Indianapolis Water Works Securities Co.
International Equities Corporation.
International Power Securities Corporation.
Investors Equity Co.
Lackawanna Securities Co.
Lehigh Power Securities Corporation.
Libbey Owens Securities Corporation.
Massena Securities Corporation.
The Mayflower Securities Co.
Morristown Securities Corporation.
National Investors Corporation.
Niagara Share Corporation.
Overseas Securities Corporation.
Petroleum Bond & Share Corporation.
The Philadelphia National Co.
Power Securities Corporation.
Printing Securities Corporation.
Publication Securities Corporation.
Realty Associates Securities Corporation.
Reynolds Investing Co.
St. Lawrence Securities Co.
Schoellkopf & Co.
Securities Co. of North America.
Silesian American Corporation.
Solvay American Investing Co.
Southern Bond & Share Corporation.
Southern Investors Corporation.
Standard Holding Corporation.
Sun Investing Co.
Third National Investors.
Transportation Securities Corporation.
Tri-Continental Corporation.
United Electric Securities Co.
U. S. Bond & Share Co.
U. S. & International Securities Corporation.
Utility Equities Corporation.
Vick Financial Co.
Wedgewood Investing Corporation.
Welles Holding Corporation.
Western Savings, Inc.

EXHIBIT I

NONPARTNER DIRECTORS AND TRUSTEES, RAILROADS

Abilene & Southern Railroad Co.
Ahnapee & Western Railway Co.
Akron & Barberton Belt Railroad Co.
Alabama Great Southern Railroad Co.
Alameda Belt Line.
Albany Passenger Terminal.
Albany & Susquehanna Railroad.
Allegan & S. E. Railroad Co.
Alleghany & Western Railway Co.
Allentown Railroad Co.
Allentown Terminal Railroad Co.
Almeda Belt Line Co.
The Alton Railroad Co.
Ann Arbor Railroad.
The Arlington Railroad Co.
Arnot & Pine Creek Railroad Co.
Asherton & Gulf Railway Co.

Asphalt Belt Railway Co.
Atlantic Coast Line.
Atlanta, Birmingham & Coast Railroad.
Atlanta & Charlotte Air Line Railway.
Atlantic City Railroad Co.
Austin Dam & Suburban Railway Co.
Baltimore & Ohio Chicago Terminal Railroad.
Baltimore & Eastern Railroad Co.
Baltimore & New York Railway Co.
Baltimore & Ohio Railroad Co.
Bangor & Aroostock Railroad Co.
Bath & Hammondsport Railroad Co.
Bauxite & Northern Railway Co.
Bay Shore Connecting Railroad Co.
Beaumont Sourlake & Western Railroad Co.
Belt Railway of Chicago.
Bergen County Railroad Co.
Bergen & Dundee Railroad Co.
Bingham & Garfield Railway Co.
Booneville, St. Louis & Southern Railway Co.
Boston, Cape Cod & New York Canal Co.
The Buffalo, Bradford & Pittsburgh Railroad Co.
Buffalo Creek Railroad.
Buffalo, Rochester & Pittsburgh Railroad Co.
Buffalo & Susquehanna Railroad Corporation.
Cairo & Thebes Railroad Co.
The Caldwell Railway Co.
Campbell Hall Connecting Railroad.
Canada Southern Railway Co.
Canton, Aberdeen & Nashville Railroad Co.
Carolina, Clinchfield & Ohio.
Catasauqua & Fogelsville Railroad Co.
Catawissa Railroad Co.
Cayuga & Susquehanna Railroad.
Central of Georgia Railway Co.
Central Indiana Railroad Co.
Central Railroad of New Jersey.
Cerro De Pasco Railway Co.
Charleston & Western Carolina Railway.
Chateaugay & Lake Placid Railway Co.
Chazy Marble Line Co.
Cherry Tree & Dixonville Railroad Co.
Chicago, Burlington & Quincy Railroad.
Chicago & Eastern Illinois Railroad Co.
Chicago, Milwaukee & St. Paul & Pacific Railway.
Chicago, North Shore & Milwaukee Co.
Chicago & North Western Railway Co.
Chicago, Rock Island & Pacific Railway Co.
Chicago, St. Louis & New Orleans Railroad Co.
Chicago, St. Paul, Minneapolis & Omaha Railroad.
Chicago & West Indiana Railroad.
Cisco & Northeastern Railroad Co.
Clearfield & Mahoning Railway Co.
Cleveland, Cincinnati, Chicago & St. Louis Railroad Co.
Cleveland Interurban Railroad Co.
Cleveland Railway Co.
Cleveland & Youngstown Railway Co.
Clinchfield Railroad Co.
Coblebrookdale Railroad Co.
Colorado & Southern Railroad.
Columbia, Newberry & Laurens Railroad.
Columbus & Erie Railroad Co.
Columbus & Xenia Railroad Co.
Consolidated Railway of Cuba.
Cooperstown & Carlotta Valley Railroad Co.
Cooperstown & Susquehanna Valley Railroad Co.
Cooper River & North Western Railroad.

Cuba Northern Railroad Co.
Cuba Railroad Co.
Dayton & Michgian Railroad Co.
Deep Creek Railroad.
Delaware & Hudson Railroad.
Delaware, Lackawanna & Western Coal Co.
Delaware River Ferry Co. of New Jersey.
Delaware Valley & Kingtson Railway Co.
Del-Mar-Va Motor Transport Co.
Dennison & Pacific Suburban Co.
Denver & Rio Grande Western Railroad Co.
Denver & Salt Lake Railway.
Detroit River Tunnel Co.
Detroit Union Railroad Depot & Station Co.
Detroit, Hilldsale & South Western Railroad.
The Docks Connecting Railway.
Dover & Rockaway Railroad Co.
Dubuque & Sioux City Railroad.
East Mohony Railroad Co.
East Pennsylvania Railroad Co.
Eastern & Northern Railroad Co.
Eastern & Western Railroad Co.
Elmira & Lake Ontario Railroad.
The Elmira State Line Railway Co.
Elmira & Williamsford Railroad Co.
Elizabethport & N. Y. Ferry Co.
Erie Railroad.
Erie Terminals Railroad Co.
Erie & Wyoming Valley Railroad Co.
Eriton Railroad Co.
Fort Myers Southern Railroad.
Fort Smith Surburban Co.
Fort Wayne Railroad.
Fort Wayne & Jackson Railroad Co.
Frontier Electric Railway Co.
Frontier Railroad.
Galveston Harrisburg & San Antonia Railway Co.
Galveston Houston & Henderson Hastings Railway.
Georgia & Florida Railroad (Receiver).
The Gettysburg & Harrisburg Railroad Co.
Great Northern Railway.
Green Bay & Western Railroad Co.
Greenwich & Johnsonville Railway Co.
Gulf Colorado & Santa Fe Railway Co.
Gulf Mobile & Northern Railroad.
Hackensack & Lodi Railroad Co.
Houston Belt & Terminal Railroad Co.
Houston Brazos Valley Railway Co.
Houston East & West Texas Railroad.
Houston North Shore Railroad Co.
Houston & Shreveport Railroad.
Houston Texzs Central Railroad.
Huntington & Broad Top Mountain Railroad.
Iberia, St. Mary & Eastern Railroad Co.
Illinois Central Railroad Co.
Indian Valley Railroad Co.
Indiana Harbor Belt Railroad Co.
Indianapolis & Frankfort Railroad.
Insular Railway Co.
International Great Northern Railroad Co.
International Railways of Central America.
Interstate Railroad Co.
Iron Mountain Railroad of Memphis.
The Ironton Railroad Co.
The Jefferson Railroad Co.
Johnsoreburg Railroad Co.
Joliet & Chicago Railroad.

Kansas City, Mexico & Orient Railway Co.
Kansas City Southern Railway Co.
Kansas City Terminal Railway.
Kewanner, Green Bay & Western Railroad Co.
Lehigh & Hudson River Railroad.
Lehigh & New England Railroad.
Lehigh & New York Railroad Co.
Lehigh Valley Harbor Terminal Railway Co.
Lehigh Valley Railway Co.
Lehigh Valley Railroad Co. of New Jersey.
Ligonier Valley Railroad Co.
The Lodi Branch Railroad Co.
Long Island Railroad Co.
Los Angeles & Salt Lake Railroad Co.
Louisiana Western Railroad.
Louisville & Nashville Railroad.
Loyalstock Railroad Co.
Lykeus Valley Railroad.
Magina Arizon Railroad Co.
Mahoning Valley Railroad Co.
Marion Railway Corporation.
Massilon & Cleveland Railroad Co.
Matanzas Terminal Railroad Co.
Mechanicsville & Fort Edward Railroad.
Mexican Central Railway Co.
Michigan Central Railroad Co.
Middletown & Crawford Railroad Co.
Minneapolis & St. Louis Railway.
Mississippi River & Boune Terre Railway Co
Mississippi Valley Railroad.
Missouri Illinois Bridge & Belt Railroad Co.
Missouri Illinois Railroad Co.
Missouri Kansas & Texas Railway Co.
Missouri Pacific Railroad Co.
Mississippi Central Railroad.
Mobile & Ohio Railroad Co.
Montrose Railroad Co.
Moore Haven & Clewiston Railway Co.
Morgans Louisiana & Texas Railway.
Moriongahela Railway Co.
Morris & Essex Railroad Co.
Mount Carbon & Port Carbon Railroad Co.
Mount Hope Mineral Railroad Co.
Napierville Junction Railway Co.
National Railroad Co. of Mexico.
Nesquehoning Valley Railroad.
Nevada Northern Railway Co.
Newark & Hudson Railroad Co.
New Cumberland & Pittsburg Railway.
New Iberia & Northern Railway Co.
New Jersey Junction Railroad Co.
New Jersey & New York Railroad Co.
New Jersey & New York Extension Railroad Co.
New Orleans Great Northern Railroad Co.
New Orleans & Lower Coast Railway Co.
New Orleans Pacific Railroad Co.
New Orleans, Texas & Mexico Railroad Co.
New York Central Railroad Co.
New York, Chicago & St. Louis Railroad Co.
New York Connecting Railroad Co.
New York & Harlem Railroad Co.
New York & Lake Erie Railroad Co.
New York & Long Branch Railroad Co.
New York, New Haven & Hartford Railroad Co.
New York, Philadelphia & Norfolk Railway.
Norfolk & Western.
The North East Penn. Railroad Co.

Northern Railroad of New Jersey.
Northern Railroad Co.
Northwestern Railroad Co. of South Carolina.
Nyack & Southern Railroad Co.
Nypano Railroad Co.
Ohio River & Western Railway Co.
The Orange & Northwestern Railroad Co.
Overseas Railways, Inc.
Pacific Southwestern Railroad.
Pecos Valley Southern Railroad Co.
Penhorn Creek Railroad Co.
Pennsylvania & Atlantic Railroad Co.
Penn. & Newark Railroad Co.
Penn. Railroad Co.
Pennsylvania Western Railway Co.
Peoples Railway Co.
Philadelphia & Beachhaven Railroad Co.
The Philadelphia & Chester Valley Railroad Co.
The Philadelphia Belt Line.
The Philadelphia, Newton & New York Railroad Co.
Pickering Valley Railroad Co.
Pochuck Railroad Co.
Quebeck, Montreal & Southern Railway Co.
Racor Pacific Frog & Switch Co.
Ray & Gila Valley Railroad Co.
Reading Co.
Reading & Columbia Railroad Co.
Reading Transportation Co.
Russelaer & Saratoga Railroad.
Reynoldsville & Falls Creek Railroad.
Richmond, Fredericksburg and Potomac.
Richmond Terminal Railway Co.
Rio Grande City Railway Co.
Rio Grande Junction Railway Co.
The Roseland Railway Co.
Rosslyn Connecting Railroad Co.
Rutland & Whitehall Railroad Co.
Sacramento Northern Railroad Co.
St. Joseph & Grand Island Railway Co.
St. Louis, Brownsville and Mineo Railroad Co.
St. Louis San Francisco Railway Co.
St. Louis Southwestern Railway Co.
Salt Lake City Union Depot & Railroad Co.
San Antonia Southern Railroad Co.
San Antonio Walde & Gulf Railroad Co.
San Benito & Rio Grande Valley Railroad Co.
Santa Fe & Pacific Railroad Co.
Santa Fe Priscott & Phenix Railroad Co.
Savanah Union Station.
Schuylkill Navigation & Railroad Co.
Schoharie Valley Railroad Co.
Seaboard Air Line Railway Co.
The Sharon Railway.
Sharpsville Railroad Co.
Shippers Car Line Corp.
Southern Illinois Railway & Bridge Co.
Southern Railway Co.
South Covington & Cincinnati Street Railway Co.
Southern Pacific Railroad.
Spokane, Portland & Seattle.
Staten Island Rapid Transit Railway Co.
Sterling Iron & Railway Co.
Stone Harbor Railroad Co.
Stony Creek Railroad Co.
Sugar Land Railway Co.
Susquehanna Connecting Railroad Co.
Tampa Southern Railroad Co.

Tampa Union Station Co.
Tarrytown Terminal Corporation.
Tennessee, Alabama & Georgia Railway Co.
Tennessee Railroad Co.
Terminal Railway Association of St. Louis.
Texas & Pacific Railroad Co.
Texas & New Orleans Railroad.
Texas-New Mexico Railroad Co.
Texas, Pacific & Missouri Pacific.
Terminal Railway of New Orleans.
Texas Short Line Railway Co.
Third Avenue Railway.
Ticonderoga Railroad Co.
Tiogas Railroad Co.
Tidewater Southern Railroad Co.
Trans-Mississippi Terminal Co.
Trenton Princeton Traction Co.
Tresakone Railroad Co.
Troy Union Railroad Co.
Tucson, Cornelia & Gila Bend Railroad.
Tug River & Kentucky Railroad Co.
Tylerdale Connecting Railroad Co.
Union Pacific Railroad Co.
Union Railroad Co.
Union Railroad of Baltimore.
United Railways of Habana & Regla Warehouses, Ltd.
Virginian Railway.
Wabash Railway Co.
The Washington & Franklin Railway Co.
Washington & Vendermere Railway Co.
Waynesburg & Washington Railway Co.
Western Pacific California Railroad Co.
Western Pacific Railroad Co.
Wharton & Northern Railroad Co.
Wildwood & Delaware Bay Short Line Railroad Co.
Wilkesbarre & Scranton Railway Co.
Williamson & Pond Creek Railroad Co.
The Williams Valley Railroad Co.
Wilmington Railroad Bridge Co.
Wyandotte Southern Railroad Co.

EXHIBIT J

NONPARTNER DIRECTORS AND TRUSTEES, PUBLIC UTILITIES

Alabama Power Co.
Alcoa Power Co.
Allied Power & Light Co.
All American Cables.
Amere Gas Utilities Co.
American & Foreign Power Co., Inc.
American Gas Co.
American Gas & Electric Co.
American Light & Traction.
American Power & Light Co.
American Super-Power Corporation.
American Telephone and Telegraph Co.
Arkansas Valley Interurban Railway.
Astoria Light Heat & Power Co.
Ball Electrical Illuminating Co.
Beaver Creek Water Co.
Beaver Meadow Water Co.
The Bell Telephone Co. of Canada.
Bellevue Water Fuel Gas & Light Co.
Blair Gap Water Supply Co.
Blackwood Water Co.
Blandburg Water Co.

Brackenridge Light & Power Co.
Bronx Gas & Electric Co.
Brooklyn Edison Co.
Brush Electric Illuminating Co. of New York.
Buffalo General Electric Co.
Buffalo, Niagara & Eastern Power Co.
Capital Traction Co.
Caroline Power and Light Co.
Central California Traction Co.
Central Hudson Gas & Electric Corporation.
Central Illinois Light Co.
Central Kentucky Natural Gas Co.
Central States Gas Utility Co.
Central Union Gas Co.
Chenango Gas Co.
The Chesapeake & Potomac Telephone Co. of Baltimore.
The Chesapeake & Potomac Telephone Co. of West Virginia.
The Chesapeake & Potomac Telephone Co. of Virginia.
Chicago Railways Co.
China General Edison Co.
The Cincinnati Gas & Electric Co.
Cincinnati Newport & Covington Light and Traction Co.
Cincinnati Street Railway Co.
The Cincinnati & Suburban Bell Telephone Co.
Cities Service Co.
Citizens Water Co.
Clearview Water Supply Co.
Cleveland Electric Illuminating Co.
Cold Run Water Co.
Columbus Gas & Fuel Co., Columbus, Ohio.
Commercial Cable Co.
Commercial Cable Co. of Cuba.
Commercial Cable Co. (Massachusetts).
Commercial Pacific Cable Co.
Community Natural Gas Co., Dallas.
Connecting Gas Co., Cleveland.
Consolidated Telegraph & Electrical Subway Co.
Consumers Power Co.
Coos Bay Gas Co., Oregon.
Council Bluffs Gas Co.
Corning & Painted Post Railway Co.
Cumberland & Alleghany Gas Co.
Dallas Gas Co.
Dauphin Consolidated Water Supply Co.
Dawson Fuel Co.
Dawson Fuel Sales Co.
Dayton Power & Light Co.
Dejon Electric Corporation.
Delaware Water Co.
Denison Township Water Co.
Detroit Edison Co.
Diamond Water Co.
Drifton Water Co.
Dunbar Water Supply Co.
Duquesne Light Co.
East River Gas Co. of Long Island City.
Eastern Massachusetts Street Railway Co.
Eastern Pipe Line Co.
Eastern States Power Corporation.
Edison Electric Illuminating Co.
Electric Bond and Share Co.
Electric Household Utilities Corporation.
Electric Power & Light Corporation.
Electric Railway Equipment Securities.
Elmira Corning & Waverly Railway Co.
Emlenton Water Co.
Engineers Put. Service Co.

42nd Street Manhattan area and St. Nicholas Avenue Railway.
Foyettville Water Co.
Florida Power & Light Co.
Franklin Water Co.
Galveton Gas Co.
Galveston Gas Stoves, Inc.
General Public Service Corporation.
General Realty & Utilities Corporation.
Georgia Power Co.
Great Falls Power Co.
Greensboro Gas Corporation.
Guthrie Gas Co. of Okla.
Havana Electric & Utilities Co.
High Ridge Water Supply Co.
Holyoke Water Power Co.
Home Gas Co.
Hunter Run Water Co.
Hudson & Manhattan Railroad Co.
Illinois Bell Telephone Co.
Illinois Power Co.
Indiana Bell Telephone Co.
Indiana Gas Transmission Co.
Indianapolis Water Co.
Interborough Rapid Transit Co.
Intercontinents Power Corporation.
International General Electric Co.
Italian Superpower Corporation.
Kansas City Clay County & St. Joseph Ry. Co.
Kansas Gas & Electric Co.
Kattowitz Aiken, Gesellschaft.
Kensington Water Co.
Kentucky Electric Corporation.
Kentucky Gas Transmission Co.
Kingsbridge Railway.
Knoxville Power Co.
Lehigh Valley Transit Co.
The Lockport and Newfare Power and Water Supply Co.
Logan Gas Co.
Lone Star Gas Co., Dallas Texas.
Long Island Consolidated Electrical Co's.
Long Island Electric Railway Co.
Lopatcong Water Co.
Lower Niagara River Power and Water Supply Co.
Luzerne County Gas & Elec. Corporation.
Lykens Water Co.
Manhattan Railway Co.
The Manufacturers Light & Heat Co.
Maryland Gas Transmission Co.
Mexican Telephone & Telegraph Co.
Michigan Bell Telephone Co.
Middlesex Water Co.
Milwaukee Electric Light Heat & Traction Co.
Milwaukee Electric Railway & Light Co.
Minnesota Power & Light Co.
Missouri Kansas Gas Co.
Mohawk Hudson Power Corporation.
Monroe Water Supply Co.
Montana Power Co.
Mountain States Telephone & Telegraph Co.
Mountain Water Supply Co.
Municipal Lighting Co.
National Fuel Gas Co.
National Power & Light Co.
National Light & Power Co.
Natrona Water Co.
Natural Gas Co. (West Virginia).
Nebraska Power Co.
New Amsterdam Gas Co.

New England Telephone & Telegraph Co.
New Jersey Bell Telephone.
New Orleans Power Service.
New York City Interborough Railway.
New York Power and Light Co.
New York & Queens Electric Light & Power.
New York & Queens Gas Co.
New York Railways Co.
New York Rapid Transit Corporation.
New York Telephone Co.
New York Westchester & Connecticut Traction Co.
Niagara Electric Service Corporation.
The Niagara Gorge Railroad Co.
Niagara Junction Railway Co.
Niagara Lockport & Ontario Power Co.
North American Co.
North American Telegraph Co.
North Central Gas Co.
Northern Telegraph Co.
Northern Natural Gas Co.
Northern New York Utilities, Inc.
Northern Union Gas Co.
Northern Utilities Co.
Northwest Cities Gas Co.
Northwestern Bell Telephone Co.
Octoraro Water Co.
Ohio Bell Telephone Co.
Ogden Gas Co.
Ohio Edison Co.
Ohio Fuel Gas Co.
Oneida Water Co.
Palmer Water Co.
Panama Power & Light Corporation.
Panther Valley Water Co.
Pennsylvania Water & Power Co.
Pennsylvania Ohio Edison Co.
Peninsular Telephone Co.
Pennsylvania Power & Light Corporation.
Pennsylvania Water Co.
Peoples Natural Gas Co.
Philadelphia Electric Co.
Philadelphia Interurban Water Co.
Philadelphia Rapid Transit Co.
Philadelphia Reading & Pottsville Telephone Co.
Philadelphia Steam Co.
Phoenix Utility Co.
Pittsburgh Railways Co.
Postal Telegraph & Cable Corporation.
Power Corporation of New York.
Reserve Gas Co.
Rocky Mt. Power Co.
St. Lawrence River Power Co.
Schuylkill Water Co.
Shanghai Power Co.
Shanghai Telephone Co.
Sheafer's Creek Water Co.
Slippery Rock Gas Co.
Slippery Rock Heat & Light Co.
Societe d'Electricite et de Mecanique of Brussels, Belgium.
Societe Financiers pour le Developement de l'Electricite of Paris.
South American Power Co.
South Carolina & Pacific Railway.
Southern Boulevard Railroad.
The Southern New England Telephone Co.
Southern Bell Telephone & Telegraph Co.
Southern Indiana Gas & Electric Co.
Southern New England Telephone Co.

Southwestern Bell Telephone Co.
Standard Gas Light Co. of N.Y.
Stone & Webster, Inc.
Suburban Electric Co.
Summit Hill Water Co.
Summitt Water Supply Co.
Susquehanna Utilities Co.
Tallahassee Power Co.
Tampa Gas Co.
Tennessee Electric Power Co.
Texas Cities Gas Co.
Tide Water Power Co.
Tonawonda Power Co.
Trafford Water Co.
Tri Cities Water Co.
Twin City Rapid Transit Co.
The Union Gas & Electric Co.
Union Heat & Light Co.
Unito Pipe Line Co.
Union Passenger Railway Co.
United Electric Light & Power Co.
United Fuel Gas Co.
United Gas Corporation.
United Light & Power Co.
U. S. Hoyti Cable Co.
Valley Railroad Co.
Valley Telephone Co.
Virginia Ferry Corporation.
Virginia Gas Distribution Co.
Virginia Gas Transmission Co.
Wasatch Gas Co.
The Washington Water Power Co.
Westchester Electric Railroad.
Western Public Service Corporation.
Western Union Telegraph Co.
The Western Colorado Power Co.
Williamsburg Power Plant Corporation.
Wright Township Water Co.

EXHIBIT K

NONPARTNER DIRECTORS AND TRUSTEES, INDUSTRIALS

Adams Opel A. G.
Adee Co., Inc.
Adlin Corporation.
A. E. L. Realty Co.
Air Reduction Co.
Alco Gravue Co.
Allentown Iron Co.
Allgemeine Elektrizitäts Gesellschaft.
Allied Chemical & Dye Corporation.
Almagre Mining Co.
Aluminum Goods Manufacturing.
Aluminum Manufactures, Inc.
Alurion Realty Corporation.
American Agricultural Chemical Co.
American Bank Note Co.
American Beet Sugar
American Blower Corporation.
American Case Co.
American Copper Products.
American Dyewood Co.
American Express Co.
Am. Glanzstoff Corporation.
Amer. Hard Wall Plaster Co.
American I. G.
American Lithograph Co.

American Maize Products Co.
American Manganese Steel Co.
American Meter Co.
Amer. Refrigerator & Transit Co.
American Rubber Products, Inc.
American Shipyard Co.
Amer. Steel Foundries Co.
Adams Express Co.
American Thermos Bottle Co.
American Water Softener Co.
American Writing Paper Co.
Anchor Cap Corporation.
Andover Corporation.
D. Appleton Co.
Arden Farms Dairy.
Argonaut Mining Co.
Arizona Oil Co.
Argus Co., Inc.
Armour Co.
Artloam Corporation.
Associated Rayon Corporation.
Atlanta Bonaventure Corporation.
Atlanta Gulf Oil Co.
Atlantic Land & Improvement Co.
Atlantic Seaboard Corporation.
Augusta Walton Way Corporation.
Avondale Mills.
Babcock & Wilcox Co.
Baltimore Gas Engineering Co.
Baltimore & Phila. Steamboat Co.
L. Bamberger & Co.
W. H. Barnum & Co.
Bayuk Cigars.
Behn Bros.
Bell City Malleable Iron Co.
Berwin Terminal Co.
Bethlehem Shipbuilding Corporation, Ltd.
Big Marshal Oil Co.
J. N. Adam & Co.
Adler Co.
Admiralty Coal Corporation.
Agricultural Products Corporation.
Alabama Fuel & Iron Co.
Alcon Ore Co.
Alliance Realty Co.
Allis Chalmers Manufacturing Co.
Aluminum Co. of America.
Aluminum Industries, Inc.
Aluminum Seal Co.
Amalgamated Leather Cos., Inc.
American Bemberg Corporation.
American Brake Shoe & Foundry Co.
American Bosch Magneto.
American Brake Materials Corporation.
American Car & Foundry Co. & subsidiaries.
American Car & Foundry Motors Co.
American Dredging Co.
American Enka Corporation.
American Forge Co.
American Hardware Corporation.
American Hawaiian Steamship Co.
American Ice Co.
American Locomotive Co. & subsidiaries.
American Malleables.
American Metal Co., Ltd.
American Pipe & Construction Co.
American Radiator Co.

American Rolling Mills Co.
American Ship & Commerce Co.
American Smelting & Refining Co.
American Sugar Refining Co.
A. G. I. Transportation Co.
American Timber Co.
American Woolen Co.
Anaconda Copper Mining Co.
Andes Copper Mining Co.
Anglo-Chilean Consolidated Nitrate Corporation.
Appaline Oil Co., Clarksburg.
Archer Coal Depot Co.
Argonaut Consolidated Mining Co.
Arizona Copper Co.
Arizona Refining Co.
Arkansas Memphis Bridge & Terminal Co.
Arrow-Hart & Hegeman Electric Co.
Art Metal Construction Co.
Atlanta Bolling Jones Corporation.
Atlanta Canterbury Corporation.
Atlantic Gulf & West Indies Steamship Lines.
Atlantic Mail Corporation.
Atlas Portland Cement Co.
Austin Nicholas & Co.
Babcock Carrier Florida Co.
Baker Whiteley Coal Co.
Baltimore Mail Steamship Co.
Baltimore & Virginia Steamboat Co.
Barnhona Co.
Bates Expanded Steel Corporation.
Belding Heminway-Corticelli Co.
Birmingham Altamont Corporation.
Bliss Fabyon & Co., Inc.
Blossburg Coal Co.
Bon Ami Co.
Bradley Transportation Co.
Brill Corporation.
British Amer. Metals.
Brooklyn Bridge Freezing & Cold Storage Co.
Brooklyn Elevator & Milling Co.
Brooklyn-Manhattan Transit Co.
Brooks Bros.
Brownsville Ferry Co.
Buck Run Coal Co.
E. G. Budd Mfg. Co.
Burlington Refrigerator Express Co.
Builders Material Exhibit.
Burnham Exploration Co.
Butte & Superior Mining Co.
Cabaniss, Johnston, Cooke & Cabaniss.
Callowhill Mfg. Co.
Campbell Soup Co.
Canada Southern Bridge Co.
Canadian Meter Co.
Cape Cruz Sugar Co.
Carib Syndicate.
Carthage Pulp & Board Co.
Cedar Rapids Transmission Co.
Cellulose Products Corp.
Central Pipe Line Co.
Century Coal Co.
Chateaugay Ore & Iron Co.
Chicago By-Products Coke Co.
Chile Exploration Co.
C. F. Church Mfg. Co.
P. F. Collier & Son.
Cleveland Builders Supply Brick Co.

Cleveland Terminals Building Co.
Cliff Paper Co.
Cochise Publishing Co.
Colon Oil Company.
Columbia Corporation.
Columbia Phonograph Co.
Consolidated Silesion Steel Corporation.
Continental Baking Co.
Continental Mexican Rubber Co.
Continental Plantation Co.
Cooper-Bessemer Corporation.
Copper Pyrite Corporation.
Coxe Brothers Co.
Connecting Terminal Co.
Cranberry Creek Coal Co.
Crucible Steel Co.
Cuba Co.
Cuban Air Products Corporation.
Cuban Dominican Sugar Co.
Cuban Tobacco Co.
Curtis Airplane & Motor Co.
Curtiss-Wright Corporation (and subsidiaries).
Cutler Hammer Co.
Davie Shipbuilding & Repairing Co.
Davenport Locomotive Co.
Detroit Lubrication Co.
De Giorgio Fruit Co.
Dodge Brothers.
Dominguez Oil Fields Co., Inc.
Dominion Brake Shoe Co., Ltd.
Berwind White Coal Mining Co.
Berwind White Coal Co.
Bethlehem Steel Corporation.
Bigelow-Sanford Carpet Co., Inc.
E. W. Bliss.
Bloomington Bros.
Sidney Blumenthal Co.
Brighton Marine Repair Yard.
Brill, J. G. Co.
Brittania Mining & Smelting Co.
Brooklyn Bus Corporation.
Brooklyn District Terminal.
Brooklyn & Queens Transit Corporation.
Brown Fowlkes Coal Co.
Buckingham & Hecht.
Bucyrus Erie Co.
Bulk Transportation Co.
Buffalo & Susquehanna Coal & Coke Co.
Burns Bros. (New Jersey-New York).
Bunker Hill Mines.
Bush Terminal Co.
C.N.B. Corporation.
California Packing Co.
Campbell Metal Windows Corporation.
A. S. Cameron Steam Pump Works.
Canadian Ingersoll Rand Co.
Canadian Rockies Hotel Co.
Capewell Horse Nail Co.
Carter Carburetor Co.
Case Lockwood & Brainard Co.
Celanese Corporation of America.
Central Alloy Steel.
Central Romana, Inc.
Champlain Transportation Co.
Chelsea Jute Mills Co.
Chile Copper Co.
Chrysler Corporation.

Coca-Cola Co.
Collins Co.
Cleveland Union Terminals Co.
Cleveland Traction & Terminal Co.
Clyde Steamship Co.
P. F. Collier & Son Co.
Colorado Fuel & Iron Co.
Columbia Oil & Gasoline Co.
Columbia Union Station.
Consolidated Cigar Co.
Consumers Co.
Continental Can Co.
Continental Paper & Bag Co.
Continental Rubber Co.
Copper Exporters, Inc.
Coconet Phosphate Co.
W. G. Coyle & Co.
Cramp Ship & Engine Building Co.
Crawford & Gregory, Emlenton, Pa.
Cruikshank Co.
Cuban Cane Products Co.
Cuban American Terminal Co.
Cuban Portland Cement Corporation.
Jane E. Curran, Inc.
Curtis Publishing Co.
Cushman Church Co.
Davenport Hosiery Mills, Inc.
Davison-Paxon Co.
Delaware Division Canal Co.
R. H. Donnelly, Corporation.
S. R. Dresser Manufacturing Co.
Dry Steam Valve Sales Corporation.
Dunlop Tire & Rubber Co.
Duplan Silk Co.
duPont Rayon Co.
Duquesne Warehouse Co.
East Sugar Loop Coal Co.
Eastern Wire & Cable.
Edgewater Mills.
El Potoise Mining Co.
Electric Boat Co.
Electro Masters, Inc.
Elizabethport & New York Ferry Co.
Emlenton Milling Co.
Empire Fuel & Iron Co.
Empire State Building.
The Emporium.
Ennis Brown Co.
Ensign Reynolds, Inc.
Eulalia Mining Co., San Francisco.
Evans Wallower Lead Co.
Fairbanks Co.
Fairchild Aviation Co.
Federal Chemical Co.
Federal Mining & Smelting.
Ferry Cap & Set Screw Co.
Fifth Ave. Coach Co.
Fisk Rubber Co.
Fitruist Corporation.
Fleischmann Malting Co.
Fleischmann Transportation Co.
Flint-Kot Co.
Florida Mining Co.
Forest Preserves, Inc.
Fox Furnace Co.
Franco American Food Co.
Franklin Fluorspar Co.

Franklin General Stores.
Fremkir Corporation.
Freeport Texas Co.
Frontier Corporation.
Frontier Utilities.
Fruitgrowers Express Co.
Robert Gair Co.
Gallup American Coal Co.
Gamewell Co.
General Alliance Corporation.
General Aviation Co.
General Bakery Co.
General Cable Co.
General Ceramics Co.
General Development Co.
General Education Board.
General Foods Corporation.
General Laboratories Co.
General Machinery Corporation.
General Optical Co.
General Refractories.
General Reinsurance Corporation.
General Stockyards Corporation.
General Sugar Corporation.
George D. Emery Co.
Georgian Manganese Co.
Giant Portland Cement Co.
E. W. Gillet Co. Ltd.
Gillette Safety Razor Co.
Gimbel Bros.
Girard Point Storage Co.
Glen Alden Coal Co.
Devonian Oil Co.
Dodd-Miller, Inc.
Doe Run Lead Co.
Dominion Boiler & Radiator Co., Ltd.
Donaldson Iron Co.
Dragon Coal Co.
Dry Dock East Broadway & Battery Railroad Co.
Ducktown Chemical Iron Co.
Duplex Bag Co.
duPont Cellophane Co.
E. J. duPont deNemours & Co.
Duttons, Inc.
Eastern Steamship Lines, Inc.
Edgewater Steel Co.
Edroyal Corp.
Electric Auto Lite Co.
Elec. Storage Battery Co.
Electric Testing Laboratories.
Elliott Fisher Co.
Emlenton Refining Co.
Empire Sprinkler Co.
The Empire Zines of Colorado.
Engelwood Sewerage Co.
Enola Sewerage Co.
Enterprise Oil Co.
European Elec. Corporation.
Goldsboro Union Station Co.
Golden Hill Corporation.
Goodyear Tire & Rubber Co.
Goodyear-Wende Oil Corporation.
Gornosloskie Zjednoczone Hutty.
W. R. Grace & Co.
Granby Consolidated Mining, etc.
Granite City Steel Co.
Granite Improvement Co.

W. T. Grant Co.
Grant Portland Cement Co.
Graphite Metallizing Corporation.
Gravity Water Supply Co.
Great Island Corporation.
Great Western Sugar Co.
Greene Canairea Copper Co.
Green Mountain Lake Farms, Inc.
Greenwood Corporation.
Bartron Griscom Co.
Gulf Oil Corporation.
Gulf States Steel Co.
Gunther's Sons, C. G.
Habirshaw Cable & Wire Corporation.
Hahne & Co.
Hale & Kilburn.
The M. A. Hanna Co.
Harlem Transfer Co.
Harriman Industrial Corporation.
Harriman Thirty Corporation.
Harway Improvement Co.
Hatfield Campbell Creek Coal Co.
Havana Coal Co.
Havemeyer & Elden, Inc.
Hearst Consolidated Publications.
Hedley Gold Mining Co.
Hercules Powder Co.
Hillside Coal & Iron Co.
R. Hoe & Co.
Holmes Elec. Protective Co.
Holston Corp.
Homeslake Mining Co., San Francisco.
Homochitto Lumber Co.
Hookless Applications Co.
Hookless Fastener Co.
Glenebest Corporation.
Glenelg Corporation.
Gold Dust Corporation.
Hudson Coal Co.
Wm. L. Hughson Co.
Hughson & Merton, Inc.
Humphreys & Glasgow, Ltd.
Hunt Brothers Packing Co.
Huylers, Inc.
Illinois Union Coal Co.
Independent Aetna Sprinkler Co.
Indian Creek Coal & Coke Co.
Indiana & Illinois Coal Corporation.
Ingersoll Sergeant Drill Co.
Ingersoll Rand Co.
Innes Dry Goods Co.
Inspiration Consolidated Copper Co.
Intercontinental Co., Ltd.
Intercontinental Rubber Co.
Intercontinental Rubber Transport Co.
Interlake Steamship Co.
International Cement Corporation.
International Elevating Co.
International Match Co.
International Mercantile Marine Co.
International Minerals & Metals Corporation.
International Motor Co.
International Nickel Co.
International Paper & Power.
International Products Corporation.
Interzone Corporation.

Kansas Milling Co.
Kansas Missouri Elevator Co.
Kelvinator Corporation.
Kintland Coal & Coke Co.
Kewance Boiler Corporation.
Keystone Container Carton Co.
Kirby Lumber Co.
Kirby Petroleum Co.
Knickerbocker Cement Co.
Knickerbocker Ice Co.
Kneipp Malt Food Co.
Knox Hat Co.
Koppers Company.
Lake George Steamboat Co.
Lee Rubber & Tire Corporation.
Legion Publishing Corporation.
Lehigh Coal & Navigation Co.
Lehigh Portland Cement Co.
Lehigh & Wilkesbarre Coal Co.
Lehigh Wilkesbarre Corporation.
Libbey, Owens Ford Glass Co.
Libbey Owens Sheet Glass Co.
Liberty Bruner Corporation.
Lightning Fastener Co.
Lima Loco Co.
Hoovens, Owens, Rentschler Co.
Houston Montrose Corporation.
Houston Plaza Corporation.
Horace S. Ely & Co.
Houbigant.
Howe Sound Co.
Hudson Bay Mining & Smelting Co.
Lincoln Clay Products.
The Long Dock Co.
The Lorain Coal & Dock Co.
Louisiana Terminal Co.
Loyal Hanna Coal & Coke Co.
Ludlow Valve Manufacturing Co.
Ludlum Steel Co.
Ludowici Celadon Co.
Lycoming Products Association.
Nancy McClelland, Inc.
A. C. McClurg & Co.
James McCreery & Co.
McKesson & Robbins.
McLellan Stores.
McMillan Realty & Construction Co.
Mack Truck, Inc.
The MacKay Companies.
The Mackay Radio & Telegraph Co.
R. H. Macy & Co.
Magma Copper Co.
Masor Car Corporation.
Mallory Steamship Co.
Manata Sugar Co.
Manhattan Lighterage Co.
Manhattan Storage & Warehouse Co.
Maracaibo Oil Exploration Corporation.
Marine Basin Co.
Maritime Coaling Co.
Marshall Field & Co.
Matanzos Sugar Co.
Mathieson Alkali Works, Inc.
Mead Penn Iron Works.
Merchants Refrigerating Co.
Mergenthaler Linotype Co.
Mesabi Iron Co.

Metoe & Thermit Co.
Mexican American Steamship Co.
Mexican Nav. Construction Co.
Miami Copper Co.
Michigan Electro Chemical Co.
Mid Continent Petroleum Corporation.
Midland Shipbuilding Co.
Mill Creek & Mine Hill Navigation Co.
Milton Manufacturing Co.
Minnesota By-Products Coke Co.
Missouri Pacific Transportation Co.
Mohawk Mining Co.
Montezume Copper Co.
Montreal Locomotive Works.
Moore Drop Forging Co.
Motor Improvements, Inc.
Mountain Park Realty Co.
Mudge Oil Co.
Murray Radiator Corporation.
Murry Ohio Manufacturing Co.
Nash Motors Co.
Nashau Manufacturing Co.
Nassau Hotel Co.
Natchez & Louisiana Railway Transfer Co.
National Aviation Corporation.
National Bearing Metals Corporation.
National Biscuit Co.
National Car Co.
National Canners Association.
National Carbide Co.
National Cash Register Co.
National Coke & Coal Co.
National Distillers Products Corporation.
National Electric Products Corporation.
National Enameling & Stamping Co.
National Lock Washer Co.
National Seal Co.
National Steel Corporation.
National Zinc Co.
Natural Titanrum Pigment Co.
Navicoal Corporation.
Nestles Food Co.
Nevada Consolidated Copper Co.
New Mexico Fuel Co.
J. J. Newman Lumber Co.
Newmond Mining Co.
New River & Pocahontas Consolidated Coal Co.
Geo. B. Newton Coal Co.
New York Air Brake Co.
New York & Cuba Mail Steamship Co.
New York Foundation.
New York, Lake Erie & Western Docks & Improvement Co.
New York Oil Co.
New York & Porto Rico Steamship Co.
New York Shipbuilding Co.
New York Steam Corporation.
New York, Susquehanna & Western Coal Co.
New York Transportation Co.
New York Transportation Co.
New York Transit & Terminal Co.
New River Collieries Co.
Niagara River Bridge Co.
Niagara Sprayer & Chemical Co.
Nichols Copper Co.
Nichols Engineering & Research Corporation.
Niles-Bement-Pond Co.
Niles Tool Works Co.

North Charleston Terminal Co.
North Star Mines.
North American Copper Co.
Northern Coal & Iron Co.
Northern Lumber Co.
Northwest Paper Co.
Northwestern Improvement Co.
Northwestern Coal & Iron Co.
Ocean Coal Co.
Ohio River Co.
Ohio Valley Refining Co.
Oklahoma Woodchuck Zinc Lead Co.
Old Ben Coal Corporation.
Old Company's Lehigh, Inc.
Old Dominion Co.
The Omnibus Corporation.
Oneidacraft Co.
S. Oppenheimer Co.
O'Sullivan Rubber Co.
Otis Elevator Co.
Otis Fensom Elevator Co.
Outlet Co.
Overseas Motor Service Corporation.
Owenoke Corporation.
Owens Illinois Glass Co.
Pacific Car & Foundry Co.
Pacific Commercial Co.
Pacific Mills.
Pan American Airways, Inc. Corporation
Panama Coaling Co.
Panhandle Eastern Pipe Line Co.
Pan Handle Illinois Pipe Line Co.
Panhandle Producers & Refiners.
Paramount Publix Corporation.
Parish Safe Deposit Co.
Patino Mines Co.
Pavonia Ferry Co.
Peabody Coal Co.
Peninsular & Occidental Steamship Co.
Pennok Oil Corporation.
Penn-Mex Fuel Co.
Pennsylvania Engineering Co.
Pennsylvania Coal Co.
Pennsylvania Fuel Supply Co.
Pennsylvania Glass Sand Corporation.
Pennsylvania Industries.
Pennsylvania Pulverizing Co.
Pennsylvania Salt Manufacturing Co.
Pennsylvania Sugar Co.
Penn Salt Coal Co.
Perry Iron Co.
Peter Cailler Kohler Swiss Chocolates.
Petroleum Corporation of America.
Philadelphia Coal & Iron Co.
Philadelphia Co.
The Philadelphia Grain Elevator Co.
Philadelphia Perishable Products Terminal Co.
Phillips Petroleum.
Phillipine Desiccated Coconut Co.
Phosphate Recovery Corporation.
Pierce Oil Corporation.
Pierce Petroleum Co.
Pitcairn Co.
Pittsburgh By-Products Coke Co.
Pittsburgh Coal Co.
Pittsburgh Equitable Meter Co.
Pittsburgh Joint Stock Yards Co.

Pittsburgh Plate Glass Co.
Pittsburgh Steel Co.
Pittsburgh Valve & Fittings.
Pittston Co.
Plumpton Manufacturing Co.
Pocohontas Coal & Coke Co.
Pond Creek Pocahontas Co.
Ponds Extract.
Poor Co.
Porto Rico Coal Co.
Postal Porto Rico Coal Co.
Powdrell & Alexander.
Prairie Pebble Phosphate Co.
Pressed Steel Car Co.
Preston Oil Co.
Princeton Iron Co.
Printing Machinery Co.
Publication Corporation.
Pueblo Stockyards Co.
Pure Oil Co.
Purity Bakeries.
Pintsch Compress Co.
Quaker State Oil Corporation.
Quaker State Oil Refining Co.
Radio Corporation of America.
Radio Communication Co., Inc.
Radio Keith Orpheum Co.
Radiomarine Corporation of America.
R.C.A. Photophone, Inc.
R.C.A. Radiotron Co.
R.C.A. Victor Co.
Railway Express Agency.
Railway Steel Spring.
Rainbow Dye Co.
Ramapo Ajax Corporation.
Rand Drell Co.
Rapid Transit Sub. Construction Co.
Ray-Signs Corporation.
Reliance Coke & Furnace Co.
Reliance International Corporation.
Reliance Management Corporation.
Remington Arms Co.
Reno Oil Co.
Republic Brass.
Republic Rubber Co.
Rivere Copper & Brass, Inc.
Revere Sugar Refinery Co.
Reynolds Metal Co.
Raybestos Products Corporation.
Rockbridge, Ltd.
Rosetan Brick Co.
Roseclaire Lead & Fluorspar Mining Co.
Roxana Petroleum Co.
Royal American Corporation.
Royal Baking Powder Co.
Rubber Exploration Co.
Rubber Surfacers, Inc.
Russell Manufacturing Co.
Safety Co-Heating & Lighting Co.
St. Joseph Lead Co.
St. Regis Paper Co.
Sanborn Map Co.
San Luis Mining Co.
Savannah Sugar Refining Co.
Savannah River Lumber Co.
Schuylkill Coal & Iron Co.
Scranton & Lehigh Coal Co.

Seaboard By-Products Coke Co.
Seaboard Oil Co. of Delaware.
Seatrain Lines, Inc.
Sedgwick Machine Works.
L. P. Seeley Co., Inc.
Service, Inc.
Shanferoke Coal Corporation.
Shell Union Oil Corporation.
Sheridan Wyoming Coal Co.
Shur-on Standard Optical Co.
The Shaw-Perkins Co.
Shell Co. of California.
Shell Eastern Petroleum Products.
Shell Pipe Line Co.
Henry H. Shufeldt & Co.
The Silent Glow Oil Burner Corporation.
Sipsey Barge & Towing Co.
Simms Petroleum Co.
Sinclair Consolidated Oil Co.
W. & J. Sloane Mfg. Co.
Sloss-Sheffield Steel Co.
Alexander Smith Sons Carpet Co.
Smith Washington Co.
The Smith & Winchester Manufacturing Co.
Smyth Manufacturing Co.
South American Fastener Co.
South Porto Rico Sugar Co.
Southern Mineral Products Co.
Southern Wheel Co.
Southern Export Co.
South Puerto Rico Sugar Co.
Southwest Warehouse Corporation.
Sparks-Withington Co.
Spencer Turbine Co.
Spicer Manufacturing Co.
Sprague Safety Control & Signal Corporation.
Sprinkler Contractors Supply Co.
Standard Gas Engine Co.
Standard Oil Co. of New York.
Standard Safety Razor Co.
Standard Sanitary Co.
Staples Coal Co.
Staples Transportation Co.
Starrett Corporation.
Steel Co. of Canada.
Stefco Steel Co.
Sterling Oil Co.
Sterling Oil Co. (W.Va.)
John B. Stetson Co.
Chas. C. Steward Machine Co.
Stewart-Warner Corporation.
Sulphur Export Corporation.
Sun Shipbuilding Co. of Pittsburgh.
Sundstrand Corporation.
Superheater Co.
Susquehanna Coal Co.
Swedes Tord Bridge Co.
Technicolor, Inc.
Telautograph Corporation.
Texas & Pacific Motor Transport Co.
Texas & Pacific Coach Co.
Thompson-Starrett Co.
Tide Water Associated Oil Co.
Time Incorporated.
Tocoma Electro Chemical Co.
Toledo Glass Co.
Tomhicken Water Co.

Tonopah Tidewater Co.
Transcontinental Air Transport, Inc.
Transcontinental Oil Co.
Trexler Lumber Co.
Tubize-Chatillon-Corporation.
Tyler Oil Co.
Underwood-Elliott-Fisher Co.
Union Pacific Equipment Association.
United American Lines.
U.S. Sheet & Window Glass Co.
United Piece Dye Works.
U.S. Lumber Co.
Ulen & Co.
Union Carbide & Carbon Co.
Union Gasoline & Oil Co.
Union Oil N.Y.
United Aircraft & Transport Corporation:
United Dyewood Corporation.
United Engineers & Constructors.
United States Aluminum Co.
U.S. Dairy Products Corporation:
U.S. Express Co.
U.S. Foil Co.
United States Leather Co.
U.S. Metals Refining Co.
U.S. Rubber Co.
U.S. Rubber Re Ianning Co.
U.S. Salvage Association.
U.S. Shoe Co.
U.S. Testing Co.
United Verde Copper Co.
Utah Fire Clay Co.
Utah Gas Coke Co.
Utah Power & Light Co.
Vanadium Corporation of America.
Van Buren Bridge Co.
Vandalia Mineral Co.
Vauxhall Motors, Ltd.
Vicksburg Aeolian Corporation.
Virginia Alberene Corporation.
Virginia Coal & Iron Co.
Virginia Gasoline & Oil Co.
Visugraphic Pictures, Inc.
Waldorf Paper Products Co.
Weirton Steel Co.
Ward Baking Corporation.
The Water Associated Oil Co.
Weehawken Stock Yard Co.
Westinghouse Electric & Manufacturing Co.
Welsbach Co.
West Kentucky Coal Co.
West Virginia Coal & Coke Corporation.
West Indian Aerial Express.
Westmoreland Coal Co.
Westmoreland-Connellsville Coal & Coke Co.
Western Warehousing Co.
C. H. Wheeler Manufacturing Co.
J. G. White & Co.
White Knot Copper & Development Co., Ltd.
White Rock Mineral Springs Co.
Wichita Ice & Cold Storage.
Wichita Terminal Elevator Co.
Wickwire Spencer Steel Co.
Willys Overland.
Wilmore Coal Co.
Wilmore Steamship Co.
Wolholding Coal Co.

Woodburn Oil Corporation.
Joseph W. Woods & Sons Co.
F. W. Woolworth.
Wyoming Transport Co.
Thomas Young Nurseries, Inc.
Yukon Gold Co.
Youngstown Sheet & Tube Co.

EXHIBIT L

NON-PARTNER DIRECTORS & TRUSTEES

INSURANCE COMPANIES

Aetna Casualty & Surety Co.
Aetna Life Insurance Co.
Agricultural Insurance Co.
Alliance Casualty Co.
Alliance Insurance Co.
American Alliance Insurance Co.
American Colony Insurance Co.
American Constitution Fire Assurance.
American Eagle Fire Insurance Co.
American & Foreign Insurance Co.
American Home Fire Assurance Co.
American Insurance Co.
American National Fire Insurance Co.
American Re-Insurance Co.
American Surety Co.
American Union Insurance Co.
Associated Reinsurance Co.
Atlas Assurance Co., Ltd.
Atlantic Mutual Insurance Co.
Automobile Insurance Co.
Baltimore American Insurance Co.
Bankers & Shippers Insurance Co.
Boiler Inspection & Insurance Co.
British & Foreign Marine Insurance.
Caledonian Insurance Co.
Colonial Life Insurance Co. of America.
Connecticut General Life Insurance Co.
Canada Life Assurance Co.
Central States Fire Insurance Co.
Central Union Insurance Co., Jersey City.
Church Life Insurance Co.
Church Prop. Fire Insurance Co.
City of New York Insurance Co.
Columbia Casualty Co.
Commercial Union Assurance Co., Ltd., London.
Commercial Union Fire Insurance Co.
Commonwealth Insurance Co.
Connecticut General Life Insurance Co.
Connecticut Mutual Life Insurance Co.
Constitution Indemnity Co.
Continental Insurance Co.
County Fire Insurance Co.
Detroit Fire & Marine Insurance.
Eagle Indemnity Co.
Empire State Insurance Co.
Equitable Life Assurance Society of United States.
Excess Insurance Co.
Factory Insurance Association Building Corporation.
Farmers & Bankers Life Insurance Co.
Federal Insurance Co.
Federal Union Insurance Co.
Fidelity & Casualty Co.
Fidelity-Phenix Fire Insurance Co.
First Reinsurance Co. of Hartford, Conn.

Foreign Policy Association.
Fulton Fire Insurance Co.
Girard Fire & Marine Insurance Co.
Globe Indemnity Co.
Great American Indemnity Co.
Great American Insurance Co.
Great American Investing Co.
Guarantee Co. of North America.
Guardian Fire Assurance Corporation.
Hanover Fire Insurance Co.
Hartford County Mutual Fire Insurance Co.
Hartford Life Insurance Co.
Hartford Steam Boiler Inspection Co.
The Homeland Insurance Co. of America.
Home Fire Securities Corporation.
The Home Indemnity Co.
Home Insurance Co. of New York.
Home Life Insurance Co. of America.
Importers & Exporters Insurance Co.
Indemnity Insurance Co. of North America.
Independence Indemnity Co., Philadelphia.
Independence Fire Insurance Security Co., Philadelphia.
Insurance Co. of North America.
Insuranceshares Corporation, Delaware.
Insuranceshares Certificates, Inc.
Insuranceshares Management Corporation.
Jefferson Fire Insurance Co.
Liberty Bell Insurance Co., Philadelphia.
Liberty Mutual Insurance Co.
Liverpool, London, Globe Insurance Co.
London Guaranty & Accident Co.
Long Island Fire Insurance Co.
Lumbermens Insurance Co.
Manhattan Fire & Marine Insurance Co.
Maryland Insurance Co.
Massachusetts Fire & Marine Insurance Co.
Merchants Fire Assurance Corporation of New York.
Merchants & Manufacturers Fire Insurance Co.
Metropolitan Fire Insurance Co., New York.
Metropolitan Life Insurance Co.
Mill Owners Mutual Insurance.
Mohawk Fire Insurance Co.
Mt. Royal Fire Insurance Co.
Mutual Assurance Co.
Mutual Fire Insurance Co. of Germantown.
Mutual Fire Marine & Inland Insurance Co.
Mutual Life Insurance Co., New York.
National Liberty Insurance Co.
National Surety Co.
National Union Fire Insurance Co. (Pittsburgh).
National Union Indemnity Co.
Newark Fire Insurance Co.
New Jersey Insurance Co.
New York Fire Insurance Co.
New York Indemnity Co.
New York Life Insurance Co.
New York State Employees Liability Assurance Corporation.
Niagara Fire Insurance Co.
North American Inter-Insurers Co.
North American Reassurance Co.
North Carolina Home Insurance Co.
North Jersey Title Insurance Co.
Northern Insurance Co.
Ocean Accident & Guarantee Co.
Ocean Steamship Co. of Savannah.
Pacific Fire Insurance Co.
Penn Mutual Life Insurance Co.
Peoples National Insurance Co.

Philadelphia Co. for Guaranteeing Mortgages (Philadelphia Cont. for insurance
 of homes and loss by fire).
 Philadelphia Manufacturers Mutual Fire Insurance.
 Phoenix Mutual Life Insurance Co.
 Piedmont Fire Insurance Co.
 Preferred Risk Fire Insurance Co.
 Protective Life Insurance Co.
 Protective Mutual Insurance Co.
 Provident Mutual Life Insurance Co.
 Prudential Insurance Co. of Great Britain.
 Prudential Insurance Co.
 Queen Insurance Co.
 Rochester American Insurance Co.
 Russia Insurance Co. of America.
 Royal Indemnity Co.
 Royal Insurance Co., Ltd.
 Scottish Union & National Insurance Co.
 Southern Fire Insurance Co. of New York.
 Southern Surety Co.
 Southern Fire Dev. Co.
 Standard Insurance Co.
 Standard Surety & Casualty Co.
 Star Insurance Co. of America.
 Sylvania Insurance Co.
 Teachers Insurance & Annuity Association.
 Thomas Mersey Marine Insurance Co.
 Travellers Fire Insurance Co.
 Travellers Indemnity Co.
 Travellers Insurance Co.
 Union Fidelity Title Insurance Co.
 United Firemens Insurance Co.
 U.S. Merchants & Shippers Insurance Co.
 Victory Insurance Co.
 World Fire & Marine Insurance Co.
 Young Men's Mutual Life Association Co.

EXHIBIT M

NONPARTNERS, DIRECTORS, AND TRUSTEES, MISCELLANEOUS COMPANIES

American Acceptance Council.
 American Brazilian Association.
 American Car & Foundry Securities Co.
 American Drainolt Co.
 American Economic Association.
 American Manufacturers Express Association.
 American Railway Association & National Electric Association.
 Associated Chain Stores Realty.
 Associates of New Jersey.
 Atlanta Peachtree South Corporation.
 Atlanta Pershing Point Corporation.
 Atlanta St. Andrews Corporation.
 Birmingham Claridge Corporation.
 Birmingham Third Avenue Corporation.
 Blue Ridge Real Estate.
 Broadway Improvement Co.
 Barclay Park Realty Co.
 Bonbright & Co., Inc.
 Boonder Du Pont Properties.
 Brody Security & Realty Corporation.
 Brown Wheelock Harris & Co.
 Case, Pomeroy & Co.
 Columbia Oil & Gasoline Corporation.
 Commercial National Corporation.
 Calvert Associates Inc.
 Central Theatres Leasing & Construction Co.
 Chapiom Realty Corporation.
 Charleston Fort Sumter Corporation.

Chestwe Land Corporation.
Chicago Union Station.
Church Pension Fund.
City & Suburban Homes Co.
Clifton Investing Corporation.
Cleveland Hotel.
Columbia Engineering & Management Corporation.
Commercial Factors Corporation.
Community Service, Inc.
Companies Agucarera San Cristobal.
Compania Cubania Company.
Compania de Levadivia Fleischman S.A.
Consolidated Real Estate Co.
Crab Orchard Improvement Co.
Downey Associates.
Eastern Real Estate Co.
87th Street & East End Corporation.
Erie Land & Improvement Co.
510 Park Avenue Corporation.
44th Street Realty Co.
Glacier Park Hotel Co.
W. T. Grant Realty Co.
Haggin Estate, Inc.
Harriman Building Corporation.
Helvetia Realty Co.
Hudson River Estates.
Interlaken Realty Co.
Hotel Bond Co.
American Arbitration Association.
American Canadian Properties Corporation.
American Congo Co.
American Dock & Improvement Co.
American London & Empire Corporation.
American Railway Association.
American Womans Realty Corporation.
Arcade Real Estate Co.
Associated Industries of New York State, Inc.
Associates of the Jersey Co.
Atlanta Peachtree North Corporation.
Atlanta Somerset Corporation.
Atlanta Stratford Hall Corporation.
Birmingham Harris Corporation.
Blind Brook Lodge Corporation.
Board of City Trusts, Philadelphia.
Babicora Development Co.
Bluff Point Land Improvement Co.
Bond & Mortgage Guarantee Co.
Bradenton Point Pleasant Corporation.
Broad Exchange Co.
Brooklyn Real Estate Exchange.
Burrell Improvement Co.
Capital Management Co.
Commerce & Marine Commission.
Compania Agricola Pilon.
Carnegie Corporation.
Central Westchester & Fairfield Realty Co.
Chapmald Realty Corporation.
Charleston Union Station Co.
Chestnut Street Realty Co.
Chile American Association.
Cincinnati Hamilton & Dayton Corporation.
Claros Realty & Construction Co.
Samuel L. Clemens Estate.
Collegiate Realty Co.
Columbus Hotel Corporation.
Communipan Central Land Co.
Compania Agucarera Fertilites.

Compania Agucarera de Camaguey.
Compagnie de Lampres of Paris.
Compagnie Francais Thomson Houston of Paris.
Coyle Realty Co.
Cranberry Improvement Co.
John I. Downey, Inc.
874 Park Avenue Corporation.
Empire State, Inc.
Fidelity Building Co.
Fort William Henry Hotel Co.
Furlow Development Co.
Goelet Realty Co.
Guatanamo City Land & Development Co.
Hampden Apartments.
Harvey Apartments.
Hotel-Waldorf Astoria Corporation.
Industrial Centre Land Co.
Island Park-Long Beach, Inc.
Island Park Land & Cattle Co.
J. K. P. Realty Corporation.
Keno Hill, Ltd.
Knapp Foundation.
La Concha Hotel Corporation.
Lewalis Realty Co.
Links Holding Corporation.
Longacre Land Co.
McAlpin Hotel Co.
Manchester Land Co.
Masters Painters Supply Co.
Merchants Association of New York
Miami Conservancy District.
Miami Venetian Way Co.
Michigan Electric Shares Corporation
Monterey Hotel.
Mutte Color Type Co.
National Broadcasting Co.
National Electric Light Association.
National Outdoor Advertising Bureau In
National Railroad Publication Co.
Neptune Realty Co.
Newark Warehouse Co.
New England Southern Corporation.
N.Y. State Realty & Terminal Co.
Niagara Bus Line, Inc.
Northern N.Y. Development Co.
One East End Ave., Corporation.
One Lexington Ave., Inc.
Orlando Orange Court Corporation.
Osram Corporation (Berlin).
Palm Beach Everglades Corporation.
Palmerston Co.
Park & 45th Street Corporation.
Parkway-Spencer Corporation.
Pattison & Bowns, Inc.
Pennsylvania Terminal Real Estate Co.
Penn. Traffic Co.
Pioneer Real Estate Co.
Chas. Pratt & Co.
Railroad Credit Corporation.
The Randall Co.
Red Hand Composition Co.
Reybarn Co., Inc.
Ritz-Carlton Hotel Corporation.
Roosevelt Field, Inc.
Rose Realty Co.
Salvage Process Corporation.
Theo. Schulze & Co.

775 Park Avenue, Corporation.
Shipman & Goodwin.
Sixty-six East 79th St. Corporation.
Soc. Anciom des glace de carcelles.
Southlands Co.
Sperry Realty Co.
Stadacona Company.
Standard Office Building Corporation.
Stanwich Corporation.
Samuel Stevens Realty Co.
Ridge Development Co.
Jackson Terminal Co.
Junior Mercantile Co.
Kissto Corporation.
Henry Klein & Co.
LaSalle & Koch Co.
John T. Lewis Bros. Co.
Lockwood & Howe.
Manning, Maxwell & Moore.
Mark Twain Co.
Memphis Cherokee Corporation.
Merchant Sterling Corporation.
Miami Henrietta Corporation.
Miami William Penn Corporation.
Mobile St. Charles Corporation.
Montreal Co. of N.Y.
Morchester Development Co.
National Bellas Hess Co.
National Industrial Conference Board.
National Mortgage Corporation.
Natrona Stores Co.
Newark Factory Sites.
New Boston Land Co.
New Rochelle Homestead Co.
94 East End Ave. Corporation.
Northwestern Mining & Exchange Co.
One Hundred and Eleven Main St.
One Liberty St. Realty & Securities Corporation.
Orosi Farms.
Palestine Economic Corporation, Inc.
The Palmer Land Co.
Pardee Co.
Parkway Co.
Passwall Corporation.
Pelham Arms Apartments.
Penn Haven Realty Co.
Pine Grove Realty Co.
Plaza Operating Co.
Printerion Realty Corporation.
Railway Exchange Building Co.
Real Estate & Development Co. (San Francisco).
Resolved Corporation.
Richardson Co.
Rockefeller Center, Inc.
Sahoff Corporation.
San Juan Hotel Corporation.
Senator Hotel Corporation.
Seventy-one Broadway Corporation.
Shippers Car Line Corporation.
Smith Valley Realty Corporation.
South Ferry Realty Co.
Spanish River Land Co.
The Speyer Building.
Stag Canon Fuel Co.
Standard Realty & Dem. Co.
Stein Bros.
Stonleigh Court Corporation

Stuyvesant Real Estate Co.
 Sudden & Christensen, San Francisco
 Taggart Corporation
 Tamrin Corporation
 Terminal Warehouse Co.
 Thompson Hill Land & Improvement Co.
 The Thrift
 The Trestle Realty Corporation
 270 Broadway Corporation
 Union Land Co.
 United Metals Selling Co.
 U.S. Realty & Improvement Co.
 West Easton Land Co.
 Western Realty Corporation
 White Sulphur Springs, Inc.
 E. G. Whitelesey & Co.
 Wilmington Cape Fear Corporation
 Yale Leasing Corporation
 Sudbury Realty Co.
 Sutton Pl. South Corporation
 Tampa Bayshore Corporation
 C. Tennant Sons & Co.
 Textile Banking Co.
 J. Walter Thompson Co.
 Township Realty Co.
 Tuxedo Stores Co.
 Underwood Acres, Inc.
 U.S. Distributing Corporation
 United Real Estate Co.
 Utilities Land Co.
 Wells, Potter, Fish and Ustick, Inc.
 Westinghouse Acceptance Corporation
 Westmoreland, Inc.
 E. B. & A. C. Whiting Co.
 Whitney Realty Co.
 Wrexleigh Co., Inc.

EXHIBIT N

Question 3.—Names of all corporations in which any partner or representative of said firms is a director or officer.

There is not included in this list various eleemosynary, educational, and other nonbusiness corporations.

Arthur M. Anderson, director International Telegraph & Telephone Corporation and subsidiary Postal Telegraph & Cable Co.; United States Guarantee Co.; New York, Susquehanna & Western Railroad Co.; General Steel Castings Corporation; Western Pacific Railroad Corporation; Foreign Finance Corporation, president and director.

Francis D. Bartow, director Johns-Manville Corporation, New York; American Radiator & Standard Sanitary Corporation; 150 William Street Corporation; Willow Corporation, treasurer and director; Home Life Insurance Co. (New York) director; International General Electric Co., United Electric Securities Co.

H. P. Davison, director Standard Brands, Inc.; Montgomery Ward & Co.

Thomas Cochran, director General Electric Co., and its subsidiary International General Electric Co., Inc.; Kennecott Copper Corporation and its subsidiaries Copper River & Northwestern Railway Co., Braden Copper Co., Alaska Steamship Co., Alaska Development & Mineral Co., Nevada Northern Railway Co.; Astor Safe Deposit Co.; Foreign Finance Corporation, American Foreign Securities Co.

Charles D. Dickey, director Fire Association of Philadelphia, and subsidiaries, Reliance Insurance Co. of Philadelphia, Victory Insurance Co. of Philadelphia; Beaver Coal Corporation; American Pulley Co.; Sharp & Dohme, Inc.; Stonegas Coke & Coal Co.; The United Gas Improvement Co.

William Ewing, director Standard Brands, Inc.; Uta Copper Co.; J. I. Case Threshing Machine Co.; Associated Dry Goods Corporation; Lord & Taylor; Richmond-Washington Co.

S. Parker Gilbert, director Lehigh Valley Coal Corporation and subsidiary, Lehigh Valley Coal Sales Co.

Perry E. Hall, director Northern Pacific R.R. Co., The Philadelphia Steel and Wire Corporation.

Edward Hopkinson, Jr., director The United Corporation and subsidiary; New York United Corporation; The United Gas Improvement Co.; Pennsylvania Fire Insurance Co.; Frankford & Southwark Philadelphia City Passenger Railway Co.; Keystone Watch Case Corporation; Second and Third Street Passenger Railway Co.; Riverside Metal Co.; Philadelphia Electric Power Co.; the Susquehanna Power Co.; the Susquehanna Electric Co.; Public Service Corporation of New Jersey.

T. S. Lamont, director Texas Gulf Sulphur Co., Phelps Dodge Corporation, Continental Oil Co., Great Lakes Pipe Line Co.

Thomas W. Lamont, director United States Steel Corporation, Northern Pacific Railway Co., Chicago & Erie Rail Road Co., Co., the Crowell Publishing Co., First Security Co. of the City of New York, International Agricultural Corporation, International Harvester Co., Inc., Lamont, Corliss & Co., Southwestern Construction Co., National Railways of Mexico, Foreign Finance Corporation, American Securities Investing Corporation.

Russell C. Leffingwell, director Northern Pacific Railway Co.; International Telephone & Telegraph Corporation and its subsidiaries, All America Cables, Inc.; Postal Telegraph & Cable Corporation; North British & Mercantile Insurance Co., Ltd. of London and Edinburgh in New York and its subsidiary, Mercantile Insurance Co. of America.

Horatio G. Lloyd, director Philadelphia Electric Co. and subsidiaries, Philadelphia Electric Power Co., Susquehanna Power Co., General Asphalt Co., Bell Telephone Co. of Pennsylvania, Diamond States Telephone Co.

H. Gates Lloyd, jr., director Charles E. Hires Co., Markle Corporation and subsidiaries, Hazle Brook Coal Co., Jeddo-Highland Coal Co.

H. S. Morgan, director Kennecott Copper Corporation and subsidiaries, Braden Copper Co., Copper River & Northwestern Railway Co., Utah Copper Co., Alaska Steamship Co.

J. P. Morgan, director United States Steel Corporation, First Security Co. of City of New York, Discount Corporation of New York, Pullman, Inc., and Pullman Co.; Aetna Insurance Co. and subsidiaries, Century Indemnity Co., World Fire and Marine Insurance Co.

J. S. Morgan, director United States Steel Corporation, General Motors Corporation, Foreign Finance Corporation.

Arthur E. Newbold, Jr., director the Philadelphia & Reading Coal & Iron Corporation and subsidiary, the Philadelphia & Reading Coal & Iron Co.; Markle Corporation and subsidiaries, Hazle Brook Coal Co., Jeddo-Highland Coal Co.; Wilkesbarre & Hazleton Corporation, Hazleton & Wilkesbarre Corporation.

Thomas Newhall, director the Baldwin Locomotive Works and subsidiaries, the Midvale Co., Baldwin-Southwark Corporation, Standard Steel Works Co., Southwark Foundry & Machine Co., The Whitcomb Locomotive Co., Federal Steel Foundry Co., Cramp Brass & Iron Foundry Co., I. P. Morris & De La Vergne, Inc., Baldwin Locomotive Securities Corporation; General Steel Castings Corporation, the Philadelphia & Reading Coal & Iron Corporation and subsidiary, the Philadelphia & Reading Coal & Iron Co.; Sharp & Dohme, Inc.

Harold Stanley, director Columbia Gas & Electric Corporation, Niagara Hudson Power Corporation, the United Corporation and subsidiary New York United Corporation.

Charles Steele, director Atchison, Topeka & Santa Fe Railway Co., Cerro de Pasco Copper Corporation.

E. T. Stotesbury, director Reading Co. and subsidiaries—New York & Long Branch Railway Co., Philadelphia & Reading Terminal Railroad Co., Philadelphia, Newtown & New York Railroad Co.; Beaver Coal Co.; Lehigh & Hudson River Railway Co.; New York & Middle Coal Field Railroad & Coal Co.; Second & Third Street Passenger Railway Co.; Transportation Mutual Insurance Co.; Highland Coal Co.; Wyoming Valley Water Supply Co.; National Storage Co.; Bellevue-Stratford Hotel Co.; Beaver Coal Corporation.

George Whitney, director General Motors Corporation; Kennecott Copper Corporation and its subsidiaries—Alaska Steamship Co.; Alaska Development & Mineral Co.; Braden Copper Co.; Copper River & Northwestern Railway Co.; Utah Copper Co.; Consolidated Gas Co. of New York, trustee; The New York Edison Co.; The United Corporation and subsidiary, New York United Corporation; Texas Gulf Sulphur Co.; Pullman, Inc., and Pullman Co.; Johns-Manville Corporation; Continental Oil Co.; Foreign Finance Corporation; New Jersey & New York Railroad Co.; Royal Exchange Assurance (American branch) and its

subsidiaries—Car & General Insurance Co., Ltd. (United States branch), member of financial advisory board Provident Fire Insurance Co., State Assurance Co., Ltd. (United States branch), member of financial advisory board; Willow Corporation, president and director American Securities Investing Corporation.

Edward H. York, Jr., director Lehigh Valley Coal Sales Co.; DeBardeleben Coal Corporation; Markle Corporation and subsidiary, Hazle Brook Coal Co.; Franklin County Coal Corporation, Inc.; Bee Line Transportation Co.

Question 2.—Names of all banks and trust companies in which any partner or representative of said firms is a director or officer. List attached

IN NEW YORK

Thomas W. Lamont, director Guaranty Trust Co. of New York.

Thomas Cochran, director Bankers Trust Co.

George Whitney, trustee the Bank for Savings in the City of New York, and director Guaranty Trust Co. of New York.

Arthur M. Anderson, director New York Trust Co.

William Ewing, director Bankers Trust Co.

H. P. Davison, trustee the New York Trust Co.

S. Parker Gilbert, director Bankers Trust Co.

G. D. Dickey, director City Bank Farmers Trust Co.

IN PHILADELPHIA

E. T. Stotesbury, member of the board of managers Girard Trust Co. and director Fidelity-Philadelphia Trust Co.

Horatio G. Lloyd, director Pennsylvania Co. for Insurance on Lives and Granting Annuities and Main Line Trust Co.

Edward Hopkinson, Jr., director Germantown Trust Co., member of the board of managers the Philadelphia Savings Fund Society, and member of the board of managers Girard Trust Co.

C. D. Dickey, director Integrity Trust Co. and member of the board of managers Western Savings Fund Society.

H. Gates Lloyd, Jr., director Northern Trust Co.

EXHIBIT C

NONPARTNER MEMBERS

OF

INTERLOCKING DIRECTORATES

Adams, H. M.
Adamson, C. B.
Adler, E. L.
Adler, Morris
Agnew, George B.
Ahrens, Theodore
Alatrasta, Roberto Cases
Aldrich, M. P.
Aldridge, Walter H.¹
Allen, G. G.
Allen, F. W.
Allen, Thomas H.
Almazon, J. A.
Angellotti, F. M.
Ardrey, J. H.
Atterbury, W. W. (Philadelphia)
Austin, Dwight E.
Baker, George F.¹
Baldwin, L. W. (St. Louis)
Barnum, William H.
Barroso, F. D.
Barthow, J. E.
Baruch, Herman B.
Beale, L. T.
Beardsley, G. E.

Beck, Thomas H.
Behn, Hernand ¹
Behn, Sosthenes ¹
Belknap, Chauncey
Bellamy, F. W.
Bendere, E. C.
Bergen, Frank R.
Bergen, M., Jr.
Berwind, E. J.
Besler, W. G.
Birch, Stephen ¹
Blaine, James G.
Bledsoe, S. J. (New York)
Bliss, Cornelius N.¹
Blood, C. A.
Bockins, M. R.
Bodine, S. T.¹
Bodine, W. W.
Boettger, Theodore
Bojorques, Juan de Dios
Bowers, G. M.
Bradley, C. L.¹
Brady, J. C.
Brancher, Frank
Brehm, John P.

¹ On "Selected list" of J. P. Morgan & Co.

- Brinley, C. E.
 Brinton, Bradford ¹
 Brown, C. M.
 Brown, Charles S.
 Brown, Donaldson
 Brown, H. I.
 Brown, Lewis H. ²
 Brown, T. M.
 Brown, W. E.
 Brown, Wylie
 Brownell, F. H.
 Brownell, G. A.
 Brownell, G. F. ¹
 Buckner, M. N.
 Budd, K. P.
 Budd, Ralph
 Bulkley, Edwin N.
 Bunch, William G.
 Burr, George L.
 Butterworth, H. W.
 Carlisle, Floyd L. ¹
 Carpenter, W. S., Jr.
 Cassatt, R. K.
 Cates, Louis, S.
 Chapman, John A.
 Cheney, H. B.
 Cheney, William L.
 Cheston, C. S.
 Choate, Arthur O. ¹
 Chubb, Hendon ¹
 Clark, Edw. H. ¹
 Clothier, M. L. ¹
 Cobb, B. C. ¹
 Cochran, Henry J.
 Coggeshall, M. H.
 Colgate, J. C.
 Colt, S. S.
 Conaway, Frederick W.
 Conway, W. P.
 Cook, A. A.
 Cooley, C. P.
 Cooper, C. P. (New York)
 Corey, Robert W.
 Corry, William E.
 Corliss, Charles A. ¹
 Corson, W. R. C.
 Cortelyou George B.
 County, A. J.
 Coverdale, W. H.
 Cowdin, J. E.
 Crane, Clinton H. ¹
 Crawford, F. W. (Col. O.)
 Crawford, G. W.
 Crawford, H. J.
 Crawford, W. W.
 Cutler, J. W.
 Cutler, W. F.
 Cutting, R. F. (New York)
 Dalton, H. G. (Cleveland)
 David, Donald, K. ^{1 2}
 Davis, Arthur V. ¹
 David, E. W.
 Davis, F. B.
 Davis, Gheradi
 Davis, Howland S.
 Davis, J. M.
 Davis, J. W. ¹
 Davis, Pierpont V.
 Davison, George W.
 Day, A. P.
 De Bardeleben, C. F.
 De Bardelben, H. F.
 De Bardelben, H. T.
 De Bost, William L.
 De Forest, H. W.
 Delano, Lyman
 Delano, Morean
 Denny, C. E.
 de Oca, Luis Montes
 Dibreel, Edwin R.
 Dickerman, William C. ¹
 Dixon, G. D.
 Dodge, Cleveland E.
 Dominick, Gayers G. ¹
 Donnelly, Charles
 Donnelly, Thomas E.
 Dorance, A. C. (Camden, N.J.)
 Doubleday, George
 Douglas, Walter
 Downey, Joh I.
 Drew, Charles V.
 Duffield, Edward D.
 Duffy, John
 Dunham, R. H.
 Dunlap, C. E.
 Dupont, Pierre S.
 Edgar, H. L.
 Eidlitz, R. J.
 Elsey, Charles
 Engel, E. J.
 Ennis, S. F.
 Everitt, Geo. B. ¹
 Eysmans, J. L.
 Falconer, R. C.
 Farrell, James A.
 Ferry, E. Hayward
 Field, Marshall ¹
 Fies, Max
 Fies, M. H.
 Filbert, Wm. J.
 Fish, Edwin A.
 Fisher, S. H.
 Fleming Mathew C.
 Follansbee, M. D.
 Forsch, Albert
 Fortington, H. A. ^{1 2}
 Fowler, Arthur A.
 Fox, Caleh F.
 Frazier, G. H.
 Fraser, Duncan W.
 French, Albert
 Frew, Walter E. ¹
 Fries, Wm.
 Gardiner, G. H.
 Garver, John A.
 Gates, A. L. ¹
 Gates, T. S. ¹
 Gawtry, Lewis

¹ On "Selected list" of J. P. Morgan & Co.

² Loan secured from J. P. Morgan & Co. or Drexel & Co.

- Geddes Donald G.
 Geist, C. H.
 German, H. R.
 Gibson, Harvey D.¹
 Gifford, W. S.¹
 Glessner, John J.
 Goelet, R. W.
 Goodhue F. Abbott
 Gorman, J. E.
 Gasser, Roy C.
 Gossler, P. G.¹
 Goodwin, C. A.
 Grace, E. G.
 Gow, Robt. M.
 Grant, Richard F.
 Gray, Alfred M.
 Gray, D. L.
 Greer, L. M.
 Gribbel, John
 Griffen, Wm. V.
 Groesbreck, C. E.¹
 Gross, C. W.
 Gurza, Jaime
 Guggenheim, Edmund A.¹
 Guggenheim, Murray ¹
 Guggenheim, Solomon R.¹
 Hamilton Ronald J.
 Hamilton, Wm. A.
 Hammond, John Henry
 Hanauer, J. J.
 Hanes, John W.
 Hannaford, J. M.
 Harbord, J. G.
 Harbord, James C.
 Harrahan, W. J.¹
 Harriman, J. W.
 Harriman, W. A.
 Hartford, J. A.
 Havemeyer, Horace¹
 Havemeyer, Henry O.
 Heyward, Nathan
 Hazard, C. W.
 Hazen, Gardner
 Hazen, Geo. H.
 Henderson, Gilbert
 Heppenheimer, W. C.
 Higginson, Francis L.
 Hare, J. V.
 Hildum, C. E.
 Hilleary, E. D.
 Hilles, C. D.¹
 Hires, C. E.
 Hires, Jr., C. E.¹
 Hires, H. S.
 Hires, J. E.
 Hobart, G. A.
 Hoffstot, F. N.
 Hogan, J. F.
 Holden, Hale,
 Hooper, J. G.
 Houston, David F.
 Howard, Geo. H.¹
 Howell, Herbert P.
 Hoyt, A. G.
 Hughson, W. L.
 Hurley, Meyer.
 Huston, D. F.
 Hutton, J. M.
 Hyatt, F. E.
 Irvin, E. T.
 Irvin, Wm. A.
 Iselin, Adrian
 Ives, R. B.
 Jacklind, Daniel C.
 Jackson, A. A.
 James, Arthur Curtis¹
 James, Ellery S.
 Jay, Pierre
 Jenney, W. S. (New York)
 Jobes, Andrew C.
 Johnston, Forvey
 Johnston, Percy H.¹
 Jones, L. E.
 Judson, Wilbur
 Kane, G.
 Kaufman, L. G.
 Kewey, C. F.
 Kent, Fred I.
 Kinnard, L. H.
 Kinter, W. L.
 Kirby, Fred. N. (Wilkes)
 Knapp, Jos. P.
 Knapp, Jos. F.
 Knobloch, Henry F. J.
 Kurtz, W. F.
 Lair, W. A.
 Lane, Gertrude B.
 Lane, O. E.
 Law, N. A.
 Lawrence, Arthur B.
 Lee, J. E.
 Legge, Alexander
 Lehman, Robert
 McCain, W. R.
 McCarter, T. N.¹
 McClelland, James F.
 McCormick, Chauncey
 McCormick, Cyrus H.
 McCormick, Cyrus, Jr.
 McCormick, Harold F.
 McEldowney, H. C. (Pittsburgh) ¹
 McHugh, John ¹
 McKinney, John L.
 McKinstry, Addis E.
 McVickar, H. L.
 Machold, William F.
 Mackay, C. H.¹
 Mackenzie Edmund L.
 Maconack, J. G.
 Manning, R. A.
 Manville, Hiram Edw.¹
 Manling, A. E.
 Marx, Otto
 Marye, R. V.
 Mason, E. W.
 Maxwell, H. W.
 Maxwell, Lee W.
 Mayo, Alfred D.
 Mellon, R. B. (Pittsburgh) ¹
 Merriam, C. B. (Topeka, Kans.)

¹ On "Selected list" of J. P. Morgan & Co.

- Merrill, J. L.
 Miller, A. J.
 Miller, Nathan L.
 Millhauser, De Witt
 Mills, D. H.
 Minard, D. E. (Newark, N.J.)
 Minor, G. H.
 Mitchell, Chas. E.¹
 Montet, Henri
 Mooney, Jas. D.
 Moore, Paul
 Morgan, W. F.
 Morris, E. B., Jr.¹
 Morris, L. S.
 Morrison, Geo. F.
 Morro, John R.¹
 Mott, R. W.
 Mudge, E. W.
 Mueller, John G.
 Munroe, C. A. (Chicago, Ill.¹).
 Murname, George
 Murphy, G. M. P.
 Nagle, J. L.
 Negrete, A. L.
 Nichols, Charles Walter.
 Norton, Daniel F.
 Ogilvie, W. E.
 Oliver, William H. P.
 O'Neil, F. J.
 Orde, H. B.
 Osborn, William Church.
 Osterhaut, E. D.
 Otalora, M. E.
 Otis, J. E. (Chicago).
 Packard, C. S. W.
 Paisely, H. E.
 Palmer, Edgar.
 Palmer, B. W. (Boston).
 Parker, Charles M.
 Payne, Christie (N.Y.).
 Peabody, Julian.
 Percy, F. W.
 Perkins, Herbert F.
 Perkins, J. H.
 Perry, J. M.
 Penrose, Spencer.
 Peters, H. T.¹
 Pew, J. G. (Philadelphia).
 Pforzheimer, Carl H.
 Pierson, Lewis E.
 Pierrepont, R. Stuyvesant.
 Phillips, T. W., Jr.
 Phillips, John S.
 Pingree, G. E.
 Piper, William F.
 Pitkin, W. H.
 Polk, F. L.¹
 Pomeroy, Daniel E.¹
 Potter, W. C.¹
 Potts, Harrison, I.
 Powell, Junius L.
 Pratt, Herbert L.
 Pratt, John L.
 Prilday, Joseph E.
 Pritchett, Henry S.
 Prosser, Seward ¹
 Ramage, S. Y. (Oil City).
 Ramos, F.
 Randall, H. L.
 Ranney, George A.
 Raskob, John J.¹
 Ream, N. P.
 Reaney, George H.
 Reed, L. P.
 Reid, A. Duncan.
 Rentschler, G. S.
 Resor, Stanley.¹
 Reyburn, Samuel W.¹
 Reynolds, Arthur.¹
 Reynolds, Jackson E.
 Rice, Edwin Wilbur, Jr.
 Ricketts, Louis D.
 Roa, Fdo. Gonzales.
 Roberts, George.
 Robinette, E. B.
 Rockefeller, P. A.
 Rodgers, E. P.
 Roosevelt, G. E.
 Rose, E. C.
 Rosen, W. T.
 Ruiz, Enrique D.
 Rutherford, Morris.
 Ryan, J. D.¹
 Sabin, Charles H.
 Sage, Dean.
 Sargent, Charles C.
 Scandrett, B. W.
 Scattergood, J. H.
 Scheer, E. W.
 Scheerer, William.
 Schiller, W. H.
 Schlacks, C. H.
 Schlacks, C. H.
 Schley, Rieve.
 Schneider, Franz, Jr.¹
 Schoellkopf, A. H.
 Schoellkopf, J. F., Jr.
 Schoellkopf, P. A.
 Schumacher, T. M.
 Schwartz, W. M.
 Scotts, John W.
 Sewall, A. W.
 Seigle, William R.²
 Shallcross, Cecil F.
 Shepard, Finley J.
 Shipman, A. L.
 Simpson, J. R.
 Simpson, W. R.
 Slade, G. T.
 Sloan, Alfred P., Jr.¹
 Sloan, E. J.
 Sloan, M. S.¹
 Sloane, John.
 Smith, Frank W.
 Smith, Howard C.
 Smith, H. DeWitt.
 Smith, John T.
 Smith, W. T.

¹ On "Selected list" of J. P. Morgan & Co.

² Loan secured from J. P. Morgan & Co. or Drexel & Co.

Snyder, V. P.	Ulrich, Carl T.
Sparks, Sir T. Ashley.	Underwood, F. D.
Speer, W. W.	Untermeyer, Alvin
Spencer, H. B. (Washington, D.C.)	Vanderbilt, Cornelius
Stannard, E. T.	Vanderbilt, Harold S.
Staples, P. C.	Vaux, H. P.
Stauffen, Ernest, Jr.	Wagner, E. C. ²
Steele, John N. ¹	Wakelee, E. W. ¹
Stetson, E. W.	Walker, J. Y. G.
Stevens, F. K.	Warburg, Felix M.
Stewart, E. N.	Ward, S. E.
Stewart, E. S.	Ward, T. J.
Stewart, Louis, Sr.	Warner, Harold
St. George, George B.	Warriner, S. D.
Storey, W. B.	Watson, John J.
Straus, Jesse Isidor.	Webb, Vanderbilt
Stroud, M. W. (Philadelphia)	Weeks, John L.
Stuart, E. S.	Weld, Francis, M.
Sturgis, Henry S.	Welldon, Samuel A.
Sullivan, J. J., Jr. ¹	White, R. B. ¹
Swan, J. R.	Whitney, C. V.
Swayne, Alfred H.	Wiggin, Albert H. ¹
Swope, Gerard ¹	Willard, Daniel.
Taft, W. S.	Williams, J. W.
Taylor, Myron C. ¹	Williams, Thomas.
Taylor, W. H.	Wilshire, Joseph. ^{1 2}
Thorne, Landon K.	Wilson, John P.
Thompson, J. K.	Windrim, J. T.
Thruelsden, A. P.	Winger, Albert E.
Tiffany, Charles L.	Wiseman, Sir William (United States).
Tilney, Albert A. ¹	Woodin, William H. ¹
Tily, H. J.	Woodruff, R. E.
Tompkins, B. A.	Woods, Arthur. ^{1 2}
Tompkins, Daniel, J.	Woodward, C. G.
Topping, J. A.	Woodworth, William F.
Torchir, Philip	Woolley, Clarence M. ¹
Torreblanca, Fernando	Young, Owen D. ¹
Traphagen, John C	Young, P. S. (Montclair, N. J.). ¹
Trexler, Harry	Ziegler, William, Jr. ¹
Turnure, George E.	Zimmerman, J. E.
Tyler, S. F.	

SUPPLEMENTARY

Gregory, T. B.	Loree, L. F. ²
Hayden, Charles. ¹	Louett, R. A.
Livingston, Gerald M.	Lovejoy, J. R.
Loasby, A. W. (New York).	Stones, Judson F.
Locke, Campbell.	Way, F. L.
Lockett, Arthur H.	Wayne, Joseph, Jr.
Loft, G. W.	Welsh, Ed. L.
Loomis, Alfred L.	Weyerhaeuser, R. M.
Loomis, E. E.	White, L. L. (Cleveland, Ohio).
Lopez, Roberto.	

COMMITTEE EXHIBIT No. 53

NEW YORK, May 24, 1933.

Messrs. J. P. MORGAN & Co.,
New York, N.Y.

DEAR SIRs: In accordance with your request, we submit hereunder a statement showing, for each day, the number of men engaged on our recent examination of the accounts of J. P. Morgan & Co. and Drexel & Co.

¹ On "Selected list" of J. P. Morgan & Co.² Loan secured from J. P. Morgan & Co. or Drexel & Co.

Date	Number of men engaged	Date	Number of men engaged
Mar. 20.....	1	Apr. 22.....	9
Mar. 21.....	1	Apr. 24.....	12
Mar. 23.....	2	Apr. 25.....	12
Mar. 24.....	3	Apr. 26.....	9
Mar. 25.....	2	Apr. 27.....	9
Mar. 27.....	2	Apr. 28.....	6
Mar. 28.....	4	Apr. 29.....	6
Mar. 29.....	7	May 1.....	6
Mar. 30.....	34	May 2.....	8
Mar. 31.....	143	May 3.....	10
Apr. 1.....	170	May 4.....	9
Apr. 2.....	167	May 5.....	7
Apr. 3.....	115	May 6.....	2
Apr. 4.....	74	May 8.....	2
Apr. 5.....	71	May 9.....	1
Apr. 6.....	63	May 10.....	3
Apr. 7.....	54	May 11.....	3
Apr. 8.....	43	May 12.....	5
Apr. 10.....	35	May 13.....	2
Apr. 11.....	32	May 15.....	5
Apr. 12.....	32	May 16.....	3
Apr. 13.....	34	May 19.....	2
Apr. 14.....	22	May 20.....	2
Apr. 15.....	24	May 22.....	1
Apr. 17.....	23	May 23.....	1
Apr. 18.....	19	May 24.....	2
Apr. 19.....	16		
Apr. 20.....	13		
Apr. 21.....	13	Total.....	1,356

Yours very truly,

PRICE, WATERHOUSE & Co.

J. P. MORGAN & Co., CERTIFIED BALANCE SHEET, MARCH 31, 1933

NEW YORK, May 24, 1933.

Messrs. J. P. MORGAN & Co.,
New York, N.Y.

DEAR SIR: We have made an examination of the books and accounts of J. P. Morgan & Co. and of Drexel & Co. as at the close of business March 31, 1933. Our examination comprised an inspection of cash and securities on hand, including safe-keeping securities; reconciliation of cash on deposit with banks and bankers with the balances confirmed by the despoitaries; confirmation of loans receivable and advances by correspondence with the debtors; confirmation of securities held by others by direct correspondence; and requests for confirmation from customers in respect of deposit accounts and securities held in safe-keeping for their account.

The firm's investments are stated, in the attached balance sheet, at quoted market values or as regards unlisted securities at estimated fair values as at March 31, 1933, and the reserves provided are sufficient, in our judgement, to meet any shrinkage in value at the above data. Full provision has been made for all ascertainable liabilities.

In our opinion, the attached combined balance sheet fairly sets forth the financial position of J. P. Morgan & Co. and Drexel & Co. as at March 31, 1933.

Yours very truly,

PRICE, WATERHOUSE & Co.

J. P. MORGAN & Co. AND DREXEL & Co. OF PHILADELPHIA, BUT EXCLUDING
INTERESTS IN MORGAN, GRENFELL & Co. OF LONDON AND MORGAN & CIE
OF PARIS

Balance sheet as at Mar. 31, 1933

ASSETS

Cash on hand.....		\$161, 744. 13
Cash on deposit with banks and bankers:		
Domestic.....	\$38, 185, 286. 91	
Foreign currency balances.....	1, 867, 701. 10	
		40, 052, 988. 01
United States Government securities (at market values).....		146, 071, 407. 50
State and municipal bonds and bills (at market values).....		1, 895, 874. 95
Loans, less reserves.....		73, 831, 227. 52
Advances and overdrafts, less reserves.....		4, 956, 782. 97
Investments in stocks, bonds, etc. (at market or estimated current values).....		26, 407, 966. 75
Interest accrued but not collected.....		1, 804, 902. 07
Banking premises and other real estate.....		9, 661, 304. 12
Liability of customers under acceptances.....		12, 993, 092. 42
NOTE.—At April 30, 1933 the market values of the following items showed increases over those of Mar. 31, 1933, of—		
U.S. Government securities.....	\$908, 741	
Investments in stocks, bonds, etc....	5, 584, 604	
Collateral for loans in respect of which the reserves referred to above are based on market values at Mar. 31, 1933.....	2, 068, 305	
Total.....	8, 561, 650	
Grand total.....		317, 837, 290. 44

LIABILITIES

Deposits.....		238, 739, 982. 08
Loans payable.....		19, 000, 000. 00
Interest and expenses accrued and unpaid.....		653, 497. 38
Sundry liabilities.....		457, 149. 67
Acceptances outstanding.....		13, 123, 740. 47
Special reserve fund.....		1, 000, 000. 00
Partners' accounts.....		44, 862, 920. 84
Contingent liabilities:		
Contracts to purchase foreign exchange..	10, 227, 667. 89	
Contracts to sell foreign exchange.....	11, 714, 951. 52	
Guarantees outstanding.....	60, 500. 00	
Grand total.....		317, 837, 290. 44

I. HISTORICAL

War inflation.—During the war production was stimulated to meet war needs, and currency and debts were created to represent not wealth created but wealth and life destroyed. In America alone the public debt was increased from 1½ billion to 26½ billion dollars, currency was increased 50 percent and bank credit 70 percent.

America doubly a creditor.—America was before the war a creditor on current account, that is, she had a big export surplus. This export surplus was immensely increased during the war. America continued to have a great export surplus after the war. At the end of the war, America, previously a debtor on capital account, had become the creditor of Europe on capital account by the repurchase of foreign-held American securities, by her acquisitions of gold, and by the acquisition by the American Government and the American people of obligations of European Governments issued for war purposes. The first great anomaly of the post-war world was this, that a creditor country on capital account was a creditor country also on current account. Europe must pay America not only for the net exports of goods from America, but also the interest on Europe's net debt to America. To some extent Europe achieved this by gold exports to the United States. For

the rest she had to go deeper into debt to America. This problem was clearly stated in President Wilson's message to Congress of December 2, 1919.

Perhaps the proper thing for anyone to do, who understood this situation, was just to do nothing; to reject it, to say that the political and economic set-up left by the war and treaties of peace was impossible, that nothing could be done about it. Perhaps a reasonable man would have followed Rip Van Winkle and taken a long sleep in the Catskills, or at least with Thoreau would have rejected the system and retired to Walden Pond.

Reconstruction.—That is, however, not the way men behave. It is not for them to file a non possumus, to declare that conditions created by governments, by their wars and their treaties of peace and their settlements—or unsettlements—of reparations and war debts—are impossible. It is not for them to say that the burden of debts, public and private, governmental and intergovernmental, is excessive, and that therefore they refuse to carry on. No, the man of affairs, the public spirited man, yes, even the far-seeing man, decides to carry on in spite of these adverse conditions, and knows he is fighting an uphill fight. He knows, too, that it is better to fight than just to lie down and quit.

So after the war, after the treaties of peace that did not bring appeasement, men of good will, men of mark in all countries set to work to rebuild the war-wrecked world so that men might live in peace, in hope, and, if all should go well, in plenty again.

One great task was to restore the currencies of the world to stability, so that business might be resumed between men and men, between nation and nation, in terms of honest money, instead of being retarded or prevented by the lack of stable units of exchange.

Return to gold.—America first returned to the gold standard after the war in June 1919, 7 months, or thereabouts, after the fighting stopped. We lost gold in the last half of 1919 and the first quarter of 1920, and were obliged to raise the discount rate to 6 percent in January and 7 percent in June of 1920, to halt the expansion of credit which had gotten out of hand when war controls were eliminated, and to protect our gold reserve. A sharp and painful deflationary process of adjustment began in 1920 and continued for a couple of years, but the inflow of gold due to our creditor position on current and capital account was promptly resumed and a new structure of prosperity and expansion of currency and credit was founded upon it.

Gold, however, could not serve to settle the whole world's debit balance to the United States in perpetuity. There isn't enough gold. It was evident that the prosperity of American industry and agriculture depended, first, upon maintaining a free flow of loans and credits to Europe as a bridge to pass over the chasm between war and peace, and, second, upon a gradual adjustment of our economy to the fact that our creditor position on capital account made it necessary for us to prepare to receive increasing payments in goods and services, that is to reduce tariffs and subsidies and to permit the rest of the world to pay us what was owed.

Constructive foreign loans.—It proved to be well within the power of banking leadership to build the bridge, to arrange the loans and credits, and rebuild the currencies. One by one, buttressed by loans or banking credits, Austria in 1923, Germany in 1924, England in 1925, Belgium in 1926, Italy in 1927, France in 1928, and Japan in 1930, returned to the gold standard, with the aid of American bankers and American investors. No one of these loans or banking credits was a thoughtless loan, or made for anything less than the most constructive of all possible purposes, the restoration of the world after the war to sound currencies and sound finance, the rebuilding of a solvent world to trade in. In all financial history there is no instance of more serious, planned, thoughtful, and constructive effort in the field of finance than this American contribution to world reconstruction in the post-war decade.

The central banks take command.—The financial effort to construct a bridge over the chasm between a war-time organization of the world and its peace-time organization was shared by the central banks of the world. Capital issues and private banking credits were necessary at the first stage in each country, to unlock the doors as it were. But as one country after another was restored to the gold standard, with the aid of private loans and credits, the role of the central banks became more important, and that of other bankers less important. So far as the political authorities and policies of their respective governments permitted, central banks, with their immense power over the price and volume of currency and credit, and consequently over the level of commodity prices, then dominated the reconstruction effort, rather than private banking credits and capital issues.

Deflation and stabilization.—Though the phrase “managed money” has been anathema to the principal central bankers of England, France, and America, those of England and America did address themselves to the problem of monetary management, and had a right and duty to do so. Because of the war, prices had risen to something like 250 percent of the pre-war level, and it was evident that should it be necessary, as some believed, to submit to a deflation of prices to or below the pre-war level the gravest disaster and human suffering must be endured. After the deflation of 1920-21, which was deemed to be sufficient and complete, monetary management by the central banks was directed to the highly desirable end of arresting the deflation at about 150 percent of the pre-war level, and this was accomplished with a high measure of success over a period of years so far as America was concerned.

During this period (say 1922-27) business in this country was good, commodity prices were fairly stable, though slowly sinking elsewhere, and speculation in stocks, though it gave concern to some, had not yet got out of bounds. A vast superstructure of member bank deposits was erected on the base provided by the Federal Reserve System's gold holdings. Far from being sterile, the gold increased and multiplied itself in bank credit, which grew immensely in volume and velocity. Looking backward it seems that this period must be regarded as one of latent gold inflation here—an inflation based upon gold imports but kept under control by monetary management to some extent. Gold was paid out by the Federal Reserve banks in the form of gold certificates and thus kept out of the reserves. Such inflation as did take place, so far as concerned commodities, was of a negative sort, that is American prices were kept stable when world prices were falling.

England's difficulties.—America had gold in plenty and a creditor position on international account, but that was not true on the whole of European countries, which one by one returned to the gold standard. It turned out furthermore that in the case of England the wage level and the price level had become arbitrary and inelastic in consequence of the dole and the attitude of the trade unions. Thus the restored gold standard did not work in England in the old-fashioned way. That way was, when gold was flowing out, to raise the bank rate, reduce prices and wages, and curtail imports and extend exports. In fact the general strike which followed hard after England's return to the gold standard pretty much eliminated any question of defending England's gold by a dear money and deflationary policy. Indeed, no one wanted a deflation policy, and it was the clear policy of the central banks, including our own, to arrest the deflation where it was.

Cheap money policy.—In the forepart of 1927 it became apparent that a new deflation was setting in. The governors, or deputy governor, of the four principal banks of issue met in America toward the midyear and apparently determined to renew their efforts to arrest the deflation and hold the line where it was. Following that conference, an active cheap money policy was embarked upon by the Federal Reserve System, in a thoughtful and statesmanlike though hazardous effort to prevent a world-wide deflation of prices. In the last 5 months of 1927 and the first 7 months of 1928, our gold stock was reduced by some \$500,000,000 by net exports and earmarkings of gold for foreign account. In the last 5 months of 1927 the Federal Reserve bank's total bills and securities rose from \$953,831,000 to \$1,598,842,000, considerably more than a 60 percent increase. This increase in credit went into the securities market, there having been on the whole a falling off in general business, or at any rate no increased demand for credit in business, agriculture, etc.

Corrective steps inadequate.—The steps taken in 1928 to check this inflation were halting and inadequate, and when, at the beginning of 1929, some Federal Reserve banks sought to invoke the classical remedy of dear money, their proposed increases in rates were vetoed by the Federal Reserve Board in Washington. The board hoped, by admonition and by discrimination against banks making loans on collateral securities, to control speculation without making money dear for commerce, industry and agriculture. But a cheap money policy intended to continue the business boom was not well calculated to discourage the purchase of stocks. This well-meant effort to keep money cheap and plentiful and yet control its use was responsible for the stock-market excesses of the first 8 or 9 months of 1929 and for the resultant crash in October and November.

The great inflation.—The cheap-money policy of the last half of 1927, the indecisive policy of 1928, and the board's veto of a dear-money policy in the first half of 1929—these are the causes of the great superinflation of that period and of all the disastrous consequences. Cheap credit was let loose from the central

reservoir in 1927, for a beneficent purpose but in excessive volume; and for 2 full years until August 1929, the one and only certain cure, dear money, was not used. Like water the credit flowed whither it would according to the laws of its nature, and the admonitions of the Federal Reserve Board were as idle as those of King Canute addressed to the waters of the sea.

It is axiomatic that you cannot make money cheap and plentiful and prevent its flow according to the laws of its nature. When cheap credit is created at the central reservoir, it is the central reservoir which is responsible for the consequences, and not the people who use it. The people of this world in that regrettable period were like marionettes dancing on an invisible wire, subtly influenced by the excessive volume of cheap money. Irresistibly, farmers, merchants, business men, and bankers responded to it, unreasoningly as they would to a drug. Equally and instantly they responded to the use of dear money as a curative when at last, too late, it was employed in August 1929.

Economic peace made impossible by Governments.—Aside from these monetary errors, why did the well thought-out plans for sound currencies, aided by loans and credits extended by bankers, and for price stabilization under the guidance of the central banks, fail? Because the bankers were building a bridge from the treaties of peace to economic peace, and it was not possible for the bankers, the private bankers or the central banks, to bring about that economic peace. It was not in their field. Where they had urged lower tariffs, higher tariffs were enacted, and later embargoes were erected and ultimately exchange controls. Where they had urged readjustment of reparations and war debts, only inadequate and dilatory adjustments were effected. Europe was obliged to stop buying our goods when we stopped making her fresh loans to buy them with. Above all the unwillingness of the United States to accept the implications of its creditor position and receive payment, in part at least of the sums due it in goods and services, made economic peace impossible. At the far end of the bridge, 10 years after the Armistice was found not peace but war, economic war. And so confidence without which loans and credits are fruitless was destroyed.

Inflation stopped.—When the inflation was stopped by the delayed action of the central banks in the summer of 1929, the relative stability of the commodity price level over a period of years preceding the stock market collapse of 1929, encouraged the belief that the stock market boom and break of the year 1929 were more or less isolated phenomena, and that after purging our system of the consequences of these excesses it would be possible, as it was clearly desirable, to go forward at about the same level of prices and wages without much delay. To this end every effort of the Government in power in Washington was bent; and every effort of the industries, the railroads, the utilities, and the bankers supported the effort of the Government.

Critical periods of the depression.—The increases in central bank discount rates in the summer of 1929 stopped the inflation, and the Hatry crisis in London precipitated the panic of 1929. The efforts to avoid that panic degenerating into a general depression appeared to be measurably successful until June 1930, when the Hawley-Smoot tariff here and retaliatory tariffs throughout the world signaled a renewed collapse, which continued until the end of 1930. After 1930 people looked forward again to the end of the depression, but were rudely awakened in the summer of 1931 by the Credit Anstalt failure in Austria, the German moratorium, and the abandonment of gold by Great Britain. This was followed by the run on the dollar and a terrifically rapid deflation of bank deposits here. The passage of the Glass-Steagall bill at the beginning of 1932 and the active open-market policy conducted for some months, followed by the Lausanne agreement in regard to reparations, resulted in some considerable improvement in the summer of 1932. It was, however, brought to a close by President Hoover's Des Moines speech in which he said that we had been within two weeks of going off the gold standard. The controversy with European Governments about the December 15 war debt payments further disturbed confidence, and the publication in January 1933 of the loans by the Reconstruction Finance Corporation started runs on banks which were in debt to it. Thus year after year some untoward event upset the best-laid plans for recovery. Everyone had supported the efforts of governments and of central banks to arrest the forces of deflation at the end of 1929, again in 1930, again in 1931, and again in 1932, for all well understood the importance to the human race of making the effort, and believed that success might be achieved.

The great deflation.—However, the force of the post-war deflation, held in check by central banking monetary policy until 1929, once that policy broke down, proved overwhelming and devastating beyond the foresight of the most pessi-

mistic. Between December 31, 1929, and March 1, 1933 (prior to the banking holiday) bank deposits in this country were deflated from \$55,000,000,000 to approximately \$39,000,000,000, or by about \$16,000,000,000. To this total must be added an estimated amount of \$4,000,000,000 representing deposits in banks which have not reopened subsequent to the banking holiday. The deflation was world-wide. It proceeded in a vicious downward spiral of falling commodity prices, falling wages, falling employment, falling bank loans and investments, and falling bank deposits. When the banks lost deposits they called loans and sold investments. When they called loans and sold investments they lost deposits. Unless this vicious spiral of deflation could be broken, an endless chain of bankruptcies, foreclosures, unemployment and starvation must have occurred. Nothing comparable to the collapse of prices and the deflation of credit which had taken place had occurred in the memory of living men. We had reached a level so low that the burden of indebtedness created during the war and the post-war decade had become intolerable.

The present administration's sound decisions.—Under these circumstances the suspension of gold payments and vigorous and persistent monetary management to expand credit became necessary. Already these sound decisions of the administration are having a beneficial effect. If the Federal Reserve banks combat the deflation now, they already have the means to combat an excessive reinflation if it should occur. The problem of today is to arrest the disastrous deflation. If later on the excesses of 1927-1929 should show any signs of recrudescence the Federal Reserve authorities, enlightened by their own errors of that period, should know how to deal with them.

II. REMEDIES

Fundamentally the depression must be attributed to the inflation and the deflation on the one hand, and to the failure of the governments to make economic peace on the other. The plans, to which our Government is now committed, for arresting the deflation and bringing about some rise in prices, and for lowering trade barriers, are sound and wise and go to the root of the matter.

No banking legislation or supervision or management can protect the public or the community against the deterioration of bank assets or security values incident to such a deflation as has been in progress. Banks and railroads have been more the subject of legislation and supervision than any other American business activities. The losses of the public in banks and railroads have probably exceeded their losses in any other field. Without extenuating misconduct or errors of judgment, these losses are due in the main to the deflation.

Nevertheless every effort should be made to perfect the mechanism, and while recognizing that no mechanism can be proof against such a deflationary disaster as has befallen mankind, we should learn the lessons of adversity and devise such remedies as we can and such precautions as we can against the recurrence of known evils. Passing therefore from the fundamentals (monetary policy and trade policy) to the machinery, the following suggestions present themselves:

Defects in Federal Reserve System.—It is evident that the Federal Reserve System failed to control the inflation, and has as yet failed to control the deflation. Ultimately the New York discount rate was raised to 6 per cent in August 1929, but the country paid dearly for the months of delay and indecision in the superinflation of that year. Similarly the System has been unable to evolve and operate and persist in an effective policy to counteract the deflation in the last three years. Its antideflationary policy has found only hesitant, tardy, and intermittent expression in action. In matters of monetary management, in the control of inflation and deflation, a stitch in time saves nine. Twelve scattered banks, each with its governor and its chairman and its board of directors, loosely ruled by a board of eight in Washington, composed of men of diverse opinions, do not provide the country with an organization well adapted to act promptly and decisively. Some remedy must be found for this.

Branch banking.—The arguments for and against branch banking have been exhaustive, and it is not necessary or appropriate in this memorandum to review them. The banking business is like the insurance business in that it depends for its soundness on averaging risks. The smaller the business and the more localized the risks, the less chance there is to average them. One reason why the depression has had graver consequences for us in America than for some other countries less fortunately situated is this, that we have subdivided our banking resources into relatively small localized units. There are advantages of local independence and autonomy in the unit banking system, but we are paying heavily the price of them.

Capital issues.—The malpractices of the inflation era have emphasized the demand for reform in regard to capital issues. However, it is essential in guarding against the recurrence of these evils not to take steps which might retard or prevent recovery from the depression. The history of all depressions indicates that recovery began when prime capital issues became salable again, and not before. The wheels do not begin to turn as long as borrowers are dependent on short commercial loans. Only when investment capital is again obtainable do business and industry enter upon new undertakings or expand the old. So long as they are dependent on commercial credits, business and industry seek by economies on capital and current account to reduce their expenditures, and if possible their bank loans. Only when the bond market develops will they start going.

The provision of bank credit, beneficially facilitated by the Federal Reserve Act, to meet seasonal and transitional requirements of business, industry and agriculture, is most necessary. But at least as important and helpful is the mechanism for providing that permanent capital which is the very foundation of our economic life.

Without the citizen's thrift and savings on the one hand, and the mechanism for the creation and distribution to thrifty investors throughout the land of capital issues, the country would be plunged back into the middle ages. Our banks would be frozen solid, for the loans they have made to meet seasonal, occasional and transitional requirements of business enterprise, could not be liquidated if the mechanism for providing permanent capital were wrecked. It is necessary and desirable to preserve the complex and on the whole useful mechanism for the creation and distribution of investment securities and the permanent investment of thrifty citizens in them. It is not wise to destroy the investment securities market, the bankers, brokers, dealers, and holders of such securities, because some people speculated in them.

Handling securities by banks.—Opinion has advanced to the point where it seems to be thought that the banks and trust companies should discard their securities affiliates with greater or less expedition, and withdraw from the issue and distribution of capital issues. It seems, however, that such banks should still be permitted within the limits of the present law to buy, sell, and own bonds, and to underwrite them and lend upon them. Otherwise there is serious danger of impairing the machinery for the necessary capital issues to bring about recovery from the depression.

By private bankers.—The great commercial banks, directly or through their affiliates, have in the past 20 years or thereabouts to a large extent occupied the field of capital issues, purchased and absorbed some private issuing and distributing houses, and by their competition driven others out of business or restricted their opportunity for profit and therefore their resources. The corollary to the suggestion that the commercial banks should dispense with their affiliates and withdraw from the capital issues business seems to be that private bankers, issuing houses and dealers should be encouraged to resume their former place in the national economy to the end that the old machinery for handling capital issues may be recreated, and so recovery from the depression facilitated.

Private bankers' deposits.—To withdraw the right of issuing houses to receive deposits from their private clientele would impair their usefulness. Any concern devoting itself exclusively to capital issues faces peculiar difficulties, for it must have a considerable capital and yet it is without a "bread and butter" business such as ordinary deposit banking and acceptance business provides. Private bankers do not and should not use their deposits in their capital issues business. They should keep their deposits invested in government securities, call loans, time loans, etc. But to require investment bankers to give up their deposit business would reduce their day to day earning power and reduce such bankers to the level of mere bond brokers, and therefore make them to some degree dependent on the commercial banks. It is important to preserve the private bankers as independent issuing houses, wholly separate from and not mere dependencies of the commercial banks, as they would become if they were required to give up their banking business.

Investment bankers should therefore continue to be permitted to receive deposits within the limitations imposed by the New York State law. That law prevents them from soliciting deposits from the general public, from advertising themselves as bankers, and from paying interest on deposits of less than \$7,500. Thus they deal only with a limited clientele and not with the small depositor who is especially and properly the ward of the Government.

III. CORPORATIONS AND PARTNERSHIPS

The growth of corporations has been very rapid in the last hundred years. It would have been impossible to build railroads and telegraphs and bridges, to build our great commercial banks, our great industrial organizations, unless the capital of the general public could be enlisted for their development. To enlist the capital of the general public in these enterprises it was necessary to develop the corporate form of organization, and necessary that the corporation should receive certain priceless gifts from the State: the very right to exist as a body corporate; the right of perpetual succession; the right to solicit subscriptions to capital stock from the general public; and total or partial exemption from personal liability; the right to delegate the management to salaried men not the owners.

Creation of corporations.—Corporations were a strange new kind of beings, the very creatures of the State. They were artificial contrivances, necessary and desirable to meet the needs growing out of the industrial revolution, but whose powers and the manner and extent to which they might be exercised were in the nature of the case determined by the State. The State which creates them has not only the right but the duty to regulate and control them to the best of its ability.

Aids to incorporated banks.—Incorporated banks, chartered by the State, received not only the rights and privileges conferred upon all corporations, but certain very special ones such as the right to appeal to the public, for capital and deposits, as institutions supervised by the National or State Government, and the right to call themselves "National" or "State" banks.

The Federal Reserve System lends money to incorporated banks in time of need, and may create currency to that end. The National Government thus added to the charter powers conferred upon incorporated banks, the most extraordinary special privilege conferred upon any group, *viz.*, the right to have currency and credit created for their use.

Then a year or more ago, the Government, recognizing its responsibility to the depositors in the institutions which it had created, regulated and aided, wisely determined to grant further aid to incorporated banks, and created the Reconstruction Finance Corporation for that purpose, among others.

Nevertheless seven thousand incorporated banks closed their doors in the decade following 1920, and in the last two and a half years thousands more have closed their doors.

Private initiative.—Notwithstanding the great benefits of incorporation, there is something else that is priceless in the life of the people. That is the individual enterprise of the merchant, manufacturer, business man, and banker, who alone, or in partnership with others, risks his own capital, his own good name, his own effort, and all that he has in the world in his business. They ask nothing of the State except the right to continue to live, the right to life, liberty, and the pursuit of happiness, the right to attend to their own affairs for their own good and that of their fellow men.

The growth of corporate enterprise has been drying up individual independence and initiative, drying up the life of the big town and the small town, and the hamlet. We are becoming a nation of hired men, hired by great aggregations of capital, theoretically controlled by absentee stockholders, who are however so numerous and whose individual interest is generally so small that their control is inarticulate and difficult to express. This corporate growth in large measure was inevitable and no doubt desirable. To attempt to reverse it would be like turning back the hands of the clock.

But do we wish to go further and accelerate it? Not merely to grant charters and franchises and immunities and subsidies to corporations, but by law and regulation to stamp out private enterprise and private initiative, the activities of private business men and private bankers, who are ready and willing still, in spite of the subsidized competition of corporate enterprise, to stake their own capital instead of that of the public, give their own time and attention to the management of their own businesses?

Private bankers seek and receive no charter from the State. They do not solicit capital from the public, but venture their own capital. In New York they do not solicit nor receive deposits from the general public. They may not hold themselves out as bankers to the public. They do a private banking business with their private clients, who number perhaps a few hundreds as compared with the tens and hundreds of thousands of depositors of the great incorporated banks.

The creditable record of private bankers.—The banking business of private bankers, the receiving of deposits, the making of loans, buying and selling of exchange, making of acceptances, has on the whole been conservatively conducted, and in spite of casualties private bankers have given a good account of themselves here and abroad, over a period beginning a couple of hundred of years before corporate banking began. In London, Paris, Vienna, Berlin, Hamburg, Amsterdam, and New York, private bankers have for generations made important contributions to the economic development of the world, to the development of business enterprise and sound finance. Their record is not less creditable than that of incorporated banks, in spite of all the benefits and immunities and Government aid conferred upon the latter.

Merchants of securities.—Issuing bankers are really merchants of securities. Some of them are wholesale merchants like ourselves who have no salesmen, and others are retail merchants. Private bankers are not investment trusts. It is not their function to lock up their money, much less the money of their depositors, in investment securities. Their good will and ability to do business depend upon their experience in judging what are good, sound issues, and what are proper prices. Their money, their reputation and their good will are at stake in every operation. If they make errors of judgment, their ability to do future business is impaired. When they handle an issue for any Government or corporation, they weigh the pros and cons, the merits of the issue, and they follow it up afterward in the effort to protect investors. When they go on boards of directors, they do it not to obtain advantages for themselves, but with a sense of their responsibility toward investors in securities of companies which they have sponsored.

IV. CONCLUSION

All our effort in the war period was to help win the war. All our effort in the first post-war decade was to rebuild the world upon the ruins left by the war.

After the war the most heroic efforts were made by bankers and investors, financiers, and business men, economists and experts to erect a tolerable world upon the ruins. The gold standard was reconstructed throughout the world. New debts, new loans and new credits were granted in the effort to restore and support the gold standard and to restore and revivify trade.

However, governments in one country or another, or in all countries, failed to do their part. The intergovernmental debts resulting from the war were only tardily, and then not sufficiently, reduced. Tariffs and other trade barriers were increased. Taxes and loans were raised to meet the uneconomic expenditures of governments. Armaments were not reduced. The comprehensive rearrangement of the map of the world by the treaties of peace involved many political and economic maladjustments, and little was done to solve them. Russia was ostracized and was carrying on an economic and political war against our civilization. China continued her civil war, or wars, and later Japan and China became involved in military operations.

Hindsight.—Looking back it is easy to see the errors which were made. It is easy to see that our superprosperity from 1914 to 1929 grew out of the war itself, and out of the maladjustments which the war left behind it. Yet while we were living through the period it seemed that with effort, forethought and courage we were going to be able to build a better world; that our Federal Reserve System created in 1914 had put an end to the banking panics which had periodically arrested every previous era of prosperity in modern history; that, possessed of a great continent with all the climates and all the natural resources, inhabited by an adventurous and hardy and industrious people; with the extraordinary development of communications, of telephone and telegraph and radio, of motor cars and of roads, electrical power and all the manifold extensions of human activity; we had indeed entered upon a new phase in the life of the American people.

Even when the panic came in 1929, no one had any conception of the length and depth of the depression which it heralded. Some took a gloomier view than others, but we know none who had imagination and vision and knowledge sufficient to foresee then in October and November 1929 the gravity and extent of the catastrophe impending. The extent of the inflation and the extent of the deflation were both beyond our reckoning.

Efforts to meet the difficulties.—At the outset of the panic we spent our strength and our resources in the effort to stem the disaster. We formed a group of leading banks to maintain an orderly stock market, and prevented what doubtless otherwise would have been a general moratorium in 1929. From that day to this our time and strength and money have been devoted to the effort to retard or arrest

the disaster, to assist this or that firm or company in trouble, with what losses to ourselves is evident.

Again in 1932 we helped to form the American Securities Investing Corporation which was, we think, a constructive factor in the bond market.

We have made mistakes. Who has not? Our boast is that our effort during the whole post-war decade was constructively conceived toward the rehabilitation of America and the world after the war; that our record in the past 3½ years, beginning with the panic, has been one of strenuous effort to mitigate the disaster; that we have through thick and thin run a sound bank on sound banking principles and protected our depositors; and that the service of the securities we issued in the whole post-war period, aggregating some billions of dollars, in spite of lamentable depreciation in market quotations in consequence of the depression, has with few exceptions been maintained under conditions of world-wide disaster.

Yes, we have made mistakes; but were we more mistaken than are those prophets of evil, those defeatists, who accept the present level of employment, of prices, of commodities and securities, as final or look for even a lower level ahead? Were we after all wrong in our judgment that it would be possible to build a new and better world on the ruins left by the war? We think not. We do not think our hopes and plans were foolish or thoughtless or ill considered. We hope that the constructive plans of the Administration will lead us all out of the deflation, and, by wise monetary management, by lowering trade barriers and by reducing armaments, will justify our hopes rather than the fears of the defeatists.