

# **MONEY TRUST INVESTIGATION**

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**INVESTIGATION**

**OF**

**FINANCIAL AND MONETARY CONDITIONS  
IN THE UNITED STATES**

**UNDER**

**HOUSE RESOLUTIONS NOS. 429 AND 504**

**BEFORE A**

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

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**PART 9**

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

**HOUSE OF REPRESENTATIVES.**

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# MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE  
COMMITTEE ON BANKING AND CURRENCY,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C., December 11, 1912.*

The subcommittee met at 11 o'clock a. m.  
Present: Messrs. Pujo (chairman), Stephens, Daugherty, Byrnes,  
Neeley, McMorrان, Hayes, Guernsey, and Heald.  
Present also: Samuel Untermyer, Esq., counsel for the committee.

## TESTIMONY OF WALTER E. FREW—Continued.

The CHAIRMAN. Mr. Frew, yesterday afternoon, just before the adjournment, you asked to make an explanation of matters relating to out-of-town collections?

Mr. FREW. Yes, sir.

The CHAIRMAN. After conference on the part of the committee and counsel, we have concluded that the question is germane to that which was brought out in the examination in chief, and therefore you will be permitted to make the explanation. Is that satisfactory?

Mr. RUSHMORE. Yes.

Mr. UNTERMYER. Will you please make such explanation as you desire, Mr. Frew?

Mr. FREW. Yes, sir.

Mr. UNTERMYER. I think your counsel has formulated a question for you, has he not?

Mr. FREW. Yes, sir.

Mr. UNTERMYER. Shall I put it as he has formulated it?

Mr. FREW. Yes, sir.

Mr. UNTERMYER (reading):

Did the committee on inland exchange of the clearing house have a compilation made of the gross income of the members of the clearing house association from collection of exchange during the year 1911, and of the exchange cost, including proportionate share of the collection departments of postage, rents, stationery, and salaries for that year, and also the estimated loss of interest on collection items; and if so, please state the result of that compilation.

Is that compilation in print?

Mr. FREW. The results of the compilation are in print; yes.

Mr. UNTERMYER. They are in the form of a formal report, are they not?

Mr. FREW. Yes.

Mr. UNTERMYER. And that report, I think, was published in the newspapers, was it not?

Mr. FREW. A portion of it; yes, sir.

Mr. UNTERMYER. It was given by the clearing house committee to the press and published?

Mr. FREW. No, sir.

Mr. UNTERMYER. It was published?

Mr. FREW. Yes; it was published, but it was not given by the clearing house committee.

Mr. UNTERMYER. Please produce that report.

Mr. FREW. I have it here.

Mr. UNTERMYER. Would you like to have it put in the record?

Mr. FREW. Yes. I have no objection.

Mr. UNTERMYER. Is there any explanation that you desire to make on that subject other than that contained in the report?

Mr. FREW. No, sir.

Mr. UNTERMYER. That completes all you wanted to say, does it?

Mr. FREW. That completes all I wanted to say; yes.

(The report referred to was marked "Exhibit No. 69, Dec. 11, 1912," and will be found printed in the record at pages 821 et seq.)

Mr. UNTERMYER. Suppose we take up this report now for a moment.

Mr. FREW. Yes.

Mr. UNTERMYER. Did you compile any of the figures?

Mr. FREW. No, sir; that was done by the secretary of the committee.

Mr. UNTERMYER. Is there any report showing the difference between what the customers are paying now, under this rule, and what it cost them before?

Mr. FREW. No, sir; there are no such figures in existence to my knowledge.

Mr. UNTERMYER. Do you not understand that the purpose of the committee is, first, to ascertain under what authority this rule is imposed on the members; and, secondly, how much more it costs the customers and the merchants throughout the country to have their checks collected under this arrangement than it cost when the banks were independent and could make their own arrangements?

Mr. FREW. I so understand it, that there are no such figures in existence to make any comparison. The testimony, as given by a previous witness, indicated that the banks are making some \$16,000,000 or \$17,000,000 a year out of this business—

Mr. UNTERMYER. I do not think you are answering my question. My question simply goes to this, as to whether or not the clearing house or any clearing house committee has ever made an investigation or report to show what amount of tax this rule that you have passed imposes on the merchants of the country?

Mr. FREW. They have made a report on what it imposes on the merchants of the country as of to-day; in New York City as of to-day—as to its membership; but not in 1899.

Mr. UNTERMYER. In other words, you have not gone back to find out the difference between what it costs the merchants under this rule and how they fared before the rule went into effect?

Mr. FREW. No, sir.

Mr. UNTERMYER. According to this report, after making these charges and estimated loss, there is very little profit left.

Mr. FREW. Comparatively little; \$97,000.

Mr. UNTERMYER. You have charged, though, besides the estimated loss of interest on the account, a part of your general office expenses and of your rent and of your postage and stationery and salaries?

Mr. FREW. In that department, yes.

Mr. UNTERMYER. You have charged all that against this account?

Mr. FREW. The salaries of that department, you understand?

Mr. UNTERMYER. Yes. And even after those charges it does not show a loss?

Mr. FREW. With the exception of what might be considered a possible loss on money outstanding.

Mr. UNTERMYER. Will you not answer my question? I say after making all those charges against these out-of-town checks it still shows a profit and not a loss?

Mr. FREW. Yes; \$97,000.

Mr. UNTERMYER. Are you familiar with the letter that was written by Mr. Vanderlip to the chairman of this committee under date of June 10, 1912, after Mr. Sherer testified, and which was published at the time?

Mr. FREW. I read it in the newspapers, yes, sir.

Mr. UNTERMYER. I read from that letter:

As a matter of fact, instead of New York banks making a profit of \$50,000,000 from the collection of country checks, the work actually entails upon them a loss of from \$2,000,000 to \$3,000,000 per annum.

That is quite inaccurate, is it not?

Mr. FREW. No, sir; because he figures the loss of interest on the amount of money outstanding.

Mr. UNTERMYER. Will you tell me whether that statement is accurate?

Mr. FREW. I do not know, sir.

Mr. UNTERMYER. Do you not know that it is inaccurate?

Mr. FREW. It depends on how you figure that rate of interest. There is a great difference of opinion on that point.

Mr. UNTERMYER. You have gone through all these figures, you say?

Mr. FREW. I have gone through them in a general way; yes, sir.

Mr. UNTERMYER. And you have figured the loss of interest, have you not?

Mr. FREW. No, sir.

Mr. UNTERMYER. Have you not figured \$296,460 estimated loss of interest on interest-bearing accounts, where immediate credit is given for foreign checks, based on figures submitted by eight of the largest institutions in the clearing house? I ask you the simple question whether in this calculation you did not, therefore, figure loss of interest?

Mr. FREW. No, sir.

Mr. UNTERMYER. You did not?

Mr. FREW. No. That is interest paid out on accounts.

Mr. UNTERMYER. Yes.

Mr. FREW. Not the interest on the money outstanding. That is a pretty hard thing to estimate, and for various reasons. The only way you can ascertain that is this: The New York banks had outstanding an average during 1911 of \$67,000,000. That is a credit on a book to a man's account. The only way to ascertain how much you lose is to know how much is drawn on that amount.

Mr. UNTERMYER. I think we can tell, and tell from your report.

Mr. FREW. Let us see.

Mr. UNTERMYER. Will you take a piece of paper and a pencil for a moment?

Mr. FREW. Yes.

Mr. UNTERMYER. What is the total amount of these out-of-town collections as shown by this report?

Mr. FREW. During the year? The entire amount?

Mr. UNTERMYER. Yes.

Mr. FREW. \$4,859,187,900.

Mr. UNTERMYER. If you divide that by 365 you will get the average daily amount outstanding, will you not?

Mr. FREW. No, sir. You will get the average daily amount of checks handled.

Mr. UNTERMYER. Yes. You will get the average daily amount of out-of-town collections?

Mr. FREW. Yes.

Mr. UNTERMYER. Please let us have the average daily out-of-town collections.

Mr. FREW (after calculation). I will not go into the fractions. It is about \$14,450,000.

Mr. UNTERMYER. We will say \$14,000,000.

Mr. FREW. Yes.

Mr. UNTERMYER. That is the average daily. At what rate of interest would you compute that—3 per cent?

Mr. FREW. No.

Mr. UNTERMYER. You would charge them more than 3 per cent, would you?

Mr. FREW. No.

Mr. UNTERMYER. How much? At what rate? Will you not answer the question?

Mr. FREW. There is no interest to be allowed on that.

Mr. UNTERMYER. I am going to try to see how much this interest item amounts to.

Mr. FREW. If you go at it in a way so that I can tell you, I will do so. I can not tell you by merely having the average daily amount. I said the loss of interest is to be determined by the amount of money that is drawn of that \$14,000,000 after credit.

Mr. UNTERMYER. We will get at it, and I think we will get it.

Mr. FREW. That is only one day's receipts.

Mr. UNTERMYER. That is an average of \$14,000,000 a day?

Mr. FREW. Yes; but it takes four days to get it back, on the average.

Mr. UNTERMYER. I will get at it if you will give me an opportunity to ask the questions, and then answer them.

Mr. FREW. Yes.

Mr. UNTERMYER. At what rate of interest would you calculate this loss of interest that you say banks suffer?

Mr. FREW. That was all paid out—

Mr. UNTERMYER. Would you calculate it at any rate of interest?

Mr. FREW. Four per cent, I would say.

Mr. UNTERMYER. Take it at 4 per cent, then. How much is that—\$560,000 a year?

Mr. FREW. No, sir.

Mr. UNTERMYER. Is not that \$560,000 a year on \$14,000,000?

Mr. FREW. I have \$67,000,000 outstanding.

Mr. UNTERMYER. Will you be good enough to answer my question?

Mr. FREW. Yes, sir. That is right; \$560,000.

Mr. UNTERMYER. \$560,000 a year interest. How much is that a day? It is about \$15,300, is it not?

Mr. FREW. No; \$1,500, is it not?

Mr. UNTERMYER. It is \$1,530, is it not?

Mr. FREW. \$1,530.

Mr. UNTERMYER. Yes; it is about \$1,530 a day. According to this report, what is the average number of days which you say a bank is out of this money?

Mr. FREW. About four days is the average.

Mr. UNTERMYER. Yes. Will you please multiply this \$1,530 by four days?

Mr. FREW. Well, hold on. According to that, I am reducing one day's receipts, \$14,000,000, to one three-hundred-and-sixty-fifth part.

Mr. UNTERMYER. Will you not answer my question?

Mr. FREW. I will not follow that calculation.

Mr. UNTERMYER. Oh, I think you will follow it. You will make any explanation of it you please, but you will follow this calculation, if you please. Four days' interest would be \$6,120, would it not?

Mr. FREW. Based on—

Mr. UNTERMYER. Now, let us see.

Mr. FREW (continuing). On one three-hundred-and-sixty-fifth part of \$14,000,000; yes.

Mr. UNTERMYER. Let us see. If your out-of-town collections are \$4,800,000,000 during a whole year, that constitutes an average, does it not, of \$14,000,000 a day of out-of-town collections?

Mr. FREW. Yes; it does.

Mr. UNTERMYER. Is that right?

Mr. FREW. That is correct.

Mr. UNTERMYER. And in each day that is all the money you are out of, is it not?

Mr. FREW. \$14,000,000.

Mr. UNTERMYER. \$14,000,000; yes. You are out of that, but you are not out of that every day, are you?

Mr. FREW. I am out of it.

Mr. UNTERMYER. For four days?

Mr. FREW. Added on each four days.

Mr. UNTERMYER. Each four days?

Mr. FREW. For four days I am out that \$14,000,000 each time.

Mr. UNTERMYER. Yes; you are out of that for four days. Is not that right? And what you say you lose is the interest on that \$14,000,000 a day for four days?

Mr. FREW. No; I lose interest on \$67,000,000, if you figure that principle out. I do not commence to get returns—I have \$14,000,000 to-day, \$14,000,000 to-morrow, \$14,000,000 the third day, and \$14,000,000 the fourth day; and the fifth day I commence to get \$14,000,000 back.

Mr. UNTERMYER. That is \$56,000,000, is it not—four times \$14,000,000?

Mr. FREW. It is an average, according to the return made of \$67,000,000.

Mr. UNTERMYER. Wait a minute. Suppose the banks were out an average of \$67,000,000.

Mr. FREW. Yes; suppose they were. They are not.

Mr. UNTERMYER. That would be about \$30,000 a year interest, would it not?

Mr. FREW. \$67,000,000?

Mr. UNTERMYER. Yes.

Mr. FREW. \$67,000,000 is a steady outstanding, taking it for the year. It is our average outstanding at all times during the year; and therefore you are out a year's interest on that amount of money, if you wish to figure that way. I do not think that is a fair way of figuring.

Mr. UNTERMYER. No; I should not think it was.

Mr. FREW. We do not know how much is drawn out.

Mr. UNTERMYER. Do you want the committee to understand that there is any foundation whatever for Mr. Vanderlip's statement that there is a loss of from two to three million dollars?

Mr. FREW. You will notice—

Mr. UNTERMYER. Answer my question, Mr. Frew.

Mr. FREW. I do not want to criticize Mr. Vanderlip's way of figuring.

Mr. UNTERMYER. I know you do not want to criticize him.

Mr. FREW. And I am not going to.

Mr. UNTERMYER. But you know perfectly well it is not true, do you not?

Mr. FREW. It is a difference of opinion. Some bankers think it is.

Mr. UNTERMYER. A difference of opinion between whom?

Mr. FREW. The different banking officers. Some of us claim it is true. I do not claim that. I claim it is not. I claim these figures are the only figures that can be claimed in the right way, as we have them here.

Mr. UNTERMYER. They show a slight profit?

Mr. FREW. It shows a slight profit; yes, sir.

Mr. UNTERMYER. Instead of a loss of from two to three million dollars? You know, do you not, that when Mr. Vanderlip wrote that letter to the committee there had been no compilation of figures made by the clearing-house committee?

Mr. FREW. That is correct; yes, sir.

Mr. UNTERMYER. He had no data on which to go, had he?

Mr. FREW. Only his own bank.

Mr. UNTERMYER. Do you know whether he had any data there?

Mr. FREW. He tells me he made it up.

Mr. UNTERMYER. That is all you know about it?

Mr. FREW. That is all I know about it.

Mr. UNTERMYER. Now, let us take this data for a moment and see about that. Among the items on which the data is based is the clearing of checks in the city of New York, is it not—on page 4? Look on page 4, Mr. Frew.

Mr. FREW. Yes, sir; that is all right—in New York.

Mr. UNTERMYER. You have New York City down for \$1,068,025 and Greater New York for \$847,883, have you not?

Mr. FREW. Yes; that is outside of Manhattan.

Mr. UNTERMYER. Those two items together are out of a total, are they not, of \$14,119,083? That is the total of these items, the total of all of them?

Mr. FREW. I do not see that. I do not know whether that total is made up from those figures or not.

Mr. UNTERMYER. No; I made that up.

Mr. FREW. Is it, Mr. Lister?

Mr. UNTERMYER. Well, subject to correction, that will be the total. You can figure it over and see whether that is right or not. I do not understand why you include New York City and Greater New York in this list.

Mr. FREW. From the compilations received from each bank they included that.

Mr. UNTERMYER. Do you mean to say you have included in your out-of-town collection charges the collections in your clearing-house banks?

Mr. FREW. No, sir.

Mr. UNTERMYER. By New York banks on New York banks?

Mr. FREW. No, sir.

Mr. UNTERMYER. I should like to know what this means: "New York City, \$1,068,025." What does that mean?

Mr. FREW. It means collections on items on banks like the Bank of Long Island.

Mr. UNTERMYER. That is not New York City?

Mr. FREW. That is New York City.

Mr. UNTERMYER. You have got "Greater New York" as another item.

Mr. FREW. New York City would refer to banks uptown, like the Borough Bank, the Bronx Borough Bank, and the Cosmopolitan Bank. All those banks up in that section that do not clear, and are not either members nor nonmembers—I suppose that is the proper word.

Mr. UNTERMYER. How many banks are there in Manhattan, New York City, who are not either members or nonmembers?

Mr. FREW. I could not answer that question accurately. There are a number of them.

Mr. UNTERMYER. How many do you know of?

Mr. FREW. Oh, there must be seven or eight.

Mr. UNTERMYER. Do you think there are as many as that?

Mr. FREW. I think so; yes.

Mr. UNTERMYER. They are very small concerns, are they not?

Mr. FREW. Most of them are small; yes, sir.

Mr. UNTERMYER. And what would be their total capital?

Mr. FREW. That I could not tell.

Mr. UNTERMYER. Less than a million dollars?

Mr. FREW. Oh, I do not think so.

Mr. UNTERMYER. What do you say?

Mr. FREW. I do not think so.

Mr. UNTERMYER. What would be their total deposits?

Mr. FREW. That I could not tell.

Mr. UNTERMYER. Let us see, now, whether you are not entirely mistaken in your statement that this item refers to those few small banks in New York City.

Mr. FREW. My understanding is—

Mr. UNTERMYER. Wait a minute, Mr. Frew. I have not put my question. The item is as follows—and if you are wrong you may correct yourself:

Mr. FREW. Yes.

Mr. UNTERMYER (reading):

The succeeding table shows the average daily amount, the average time consumed, and the average cost of collecting checks on the discretionary points,

and also on a number of the other more important nondiscretionary cities of the United States.

After naming a number of outside cities, you have put in that table as the average daily amount on the discretionary points, "New York City," (the average daily amounts of checks on New York City banks) "\$1,068,025." which would be about \$400,000,000 a year, and of Greater New York you have put in that list \$847,883.

Mr. FREW. That proves that that should not be in that list.

Mr. UNTERMYER. Oh, it should not be in the list?

Mr. FREW. No, sir.

Mr. UNTERMYER. You know perfectly well it should not be in the list, do you not?

Mr. FREW. There is a difference in going from one page to the other.

Mr. UNTERMYER. Mr. Frew, if you will not answer my questions we will never get through. These figures are made up from that table, are they not?

Mr. FREW. They are not made up from this table; no.

Mr. UNTERMYER. They are, are they not? Have you read your report that is signed by you?

Mr. FREW. I have the evidence here to show you what it is made up from.

Mr. UNTERMYER. If you will be good enough to answer the question we will get through some time.

Mr. FREW. Yes.

Mr. UNTERMYER. You admit that those two items ought not to be in there, do you not?

Mr. FREW. No; I say that this is the average time consumed.

Mr. UNTERMYER. Will you answer me whether those items that I have read should be in there, of \$1,068,025 and \$847,883?

Mr. FREW. I should say not, when you calculate the daily average amount of foreign checks received, and I do not believe they are taken into consideration in that.

Mr. UNTERMYER. You are not answering my question at all. I can not get you to do so.

Mr. FREW. What is your question?

Mr. UNTERMYER. That table is inaccurate. is it not?

Mr. FREW. Not for the purpose it is put in there for, to show the cost of collection and the time consumed.

Mr. UNTERMYER. Then, it is inaccurate in including checks on banks in the city of New York—the amount of checks and the average daily amount of those checks, is it not?

Mr. FREW. It is inaccurate if you take into consideration—I do not know about that. If you take it into consideration on the total volume of the business, I believe it is inaccurate, that part of it.

Mr. UNTERMYER. You may take your stand one way or the other, and then I will go on and examine you on it. Do you want to say it is accurate, or it is inaccurate?

Mr. FREW. Mr. Lister made it up. [Addressing Mr. Lister.] Did you take in—

Mr. UNTERMYER. Never mind. Who is Mr. Lister?

Mr. FREW. He is right here, sir. He is the secretary of the committee.

Mr. UNTERMYER. Then, you do not know whether it is accurate or inaccurate, do you?

Mr. FREW. Whether it was taken into consideration in the total figure or not, I do not. I believe those figures are accurate; yes, sir.

Mr. UNTERMYER. Now, you want to take the position that it is accurate, do you?

Mr. FREW. Accurate for the purposes named in that paragraph of the report.

Mr. UNTERMYER. Then we will examine you on that. Do you maintain that those figures relate to the average daily amount of collections on discretionary points in the city of New York?

Mr. FREW. I do, sir.

Mr. UNTERMYER. And do you want to take the position that those few small banks to which you refer are the ones to which those figures relate?

Mr. FREW. No; I do not.

Mr. UNTERMYER. Do you want to withdraw that?

Mr. FREW. No. I believe there are others besides that.

Mr. UNTERMYER. Do you want to withdraw the statement you made before, that these figures have reference only to the few small banks in New York that are not either members or non-members?

Mr. FREW. I did not make such a statement as that.

Mr. UNTERMYER. You did not?

Mr. FREW (addressing the stenographer). Will you kindly read that?

Mr. UNTERMYER. I see. You did not intend to do so, anyway, did you?

Mr. FREW. No, sir. As I explained to you before, I believe it is on all banks in Manhattan and the Bronx that possibly do not clear, or up-town banks. It is the custom of down-town banks to send their collections on up-town banks that do not clear—

Mr. UNTERMYER. You are not answering my question.

Mr. FREW (continuing). Directly or indirectly, to collect for them. That is what that is.

Mr. UNTERMYER. Do you know what it is, or are you simply guessing at it?

Mr. FREW. I have the opinion that that is it.

Mr. UNTERMYER. Have you got somebody here who has the figures?

Mr. FREW. I have, right here; Mr. Lister.

Mr. UNTERMYER. Let Mr. Lister give you the figures with respect to those two items, New York City and Greater New York. [After a pause.] Oh, I did not mean to have a consultation, but you say you have the figures?

Mr. LISTER. Do you want me to speak out loud?

Mr. UNTERMYER. No; I have asked you to produce the data from which that is compiled—the figures.

Mr. LISTER. That is from the individual banks. That is the report of each individual bank from which the figures were compiled.

Mr. UNTERMYER. I think, Mr. Frew, perhaps we will ask Mr. Lister to explain this matter, because he knows about it; not now, but later. There are some other items here that I am going to ask you about.

Mr. FREW. Very well.

Mr. UNTERMYER. Then you would rather have Mr. Lister explain as to the items as to which I have inquired of you, would you?

Mr. FREW. On this particular point, if you do not take my word for what I have said.

Mr. UNTERMYER. No; I do not know what you have said as yet.

Mr. FREW. I have told you—collections on out-of-town banks.

Mr. UNTERMYER. Is that the only reason you want Mr. Lister to explain, or is it because he has the figures?

Mr. FREW. He has the figures.

Mr. UNTERMYER. Then we will take another item, which you may know something about. I see that in estimating the cost of collecting out-of-town checks the banks in the city of New York in the clearing house, and the nonmembers in the clearing house, have charged for collecting checks on banks in the city of New York, in their own city, an average loss of nearly four days, have they not—four days in one case and three days and eighty-eight one-hundredths in another?

Mr. FREW. In New York City?

Mr. UNTERMYER. No; in New York City and Greater New York.

Mr. FREW. It is an average loss of time of three days and eighty-eight one-hundredths of a day. That is what they report.

Mr. UNTERMYER. That is, in Manhattan?

Mr. FREW. In Manhattan; yes, sir.

Mr. UNTERMYER. And in Greater New York it is a loss of four days and five-tenths, is it not?

Mr. FREW. Yes, sir. That includes part of Far Rockaway.

Mr. UNTERMYER. I did not ask you to give me a long story every time I ask you a question.

Mr. FREW. I should like to qualify my answer, so that the committee will understand what I am talking about.

Mr. UNTERMYER. Would you not like to answer my questions once in a while?

Mr. FREW. I would; yes, sir.

Mr. UNTERMYER. Is it or not the fact that the clearing-house banks and this committee, in making up this statement of the cost of out-of-town collections, have charged an average loss of over four days in collecting a check on Greater New York?

Mr. FREW. That is what it takes; yes.

Mr. UNTERMYER. I did not ask you that.

Mr. FREW. That is a fact; yes, sir.

Mr. UNTERMYER. Is it a fact that they have made that charge?

Mr. FREW. It is a fact that it takes that time; but we do not charge to any customer, as I understand it.

Mr. UNTERMYER. Is it a fact that in making up this account they have charged the account—

Mr. FREW. In making up these figures—

Mr. UNTERMYER. May I put a question?

Mr. FREW. I want to understand what you mean by your question. Do you mean making up this account?

Mr. UNTERMYER. I am going to get an answer at some time or other, Mr. Frew.

Mr. FREW. I am going to answer your question, but I want to understand what your question is.

Mr. UNTERMYER. Is it or not the fact that in making up this account, this table—do you understand that?

Mr. FREW. Yes.

Mr. UNTERMYER. The New York Clearing House committee that presents these figures has charged a loss of over four days in collecting a check deposited in a New York bank on a Greater New York bank?

Mr. FREW. A charge for what—interest?

Mr. UNTERMYER. Have they not estimated a loss?

Mr. FREW. No.

Mr. UNTERMYER. They have undertaken to say that it takes four days and upward, have they not?

Mr. FREW. Yes.

Mr. UNTERMYER. And they have undertaken to say that it takes—

Mr. FREW. That is the time lost.

Mr. UNTERMYER. They have undertaken to say that it takes nearly four days on a check in Manhattan Island, New York City; have they not?

Mr. FREW. That is it. That is the time lost. It is not estimated.

Mr. UNTERMYER. Wait a moment; we will get to that.

Mr. FREW. Yes, sir.

Mr. UNTERMYER. And the checks that pass through clearing-house banks on other banks in the city of New York and in Greater New York are charged here to be about four days in transit, are they?

Mr. FREW. Not four days in transit; four days in getting returns.

Mr. UNTERMYER. In collections?

Mr. FREW. In collections; yes.

Mr. UNTERMYER. I come again to the item in which you have charged estimated loss of interest on interest-bearing accounts. Does that estimated loss of interest on interest-bearing accounts have any reference to this table?

Mr. FREW. The loss of interest—

Mr. UNTERMYER. Will you not answer that? Has this table any reference? Could a question be plainer?

Mr. FREW. I do not know.

Mr. UNTERMYER. You do not know?

Mr. FREW. No. The banks are carrying the amounts they paid. Whether they estimated or not I do not know.

Mr. UNTERMYER. Has it any reference to the table?

Mr. FREW. I believe not.

Mr. UNTERMYER. It is in your report and over your own signature.

Mr. FREW. I do not know.

Mr. UNTERMYER. You do not know?

Mr. FREW. It has to the table, but not to that item of Greater New York. It has to the table.

Mr. UNTERMYER. Is not the item of Greater New York in that table?

Mr. FREW. Yes; but I—

Mr. UNTERMYER. Oh, well, now.

The CHAIRMAN. It shows for itself. It is in evidence.

Mr. FREW. Yes. It shows for itself.

The CHAIRMAN. Of course I am not limiting you, but it is in evidence.

Mr. UNTERMYER. In estimating this item of \$296,000 as an expense of collection, estimated loss of interest on interest-bearing accounts, are the interest-bearing accounts included in that table—cities in the

table, including New York City and Greater New York, included in that item of \$296,000—or are they not?

The question was read by the stenographer.

Mr. FREW. The cities are not taken into consideration in interest paid on accounts. The banks are taken into account in that item of interest paid.

Mr. UNTERMYER. I understand that.

Mr. FREW. It is paid on the credit.

Mr. UNTERMYER. We understand that, too. The question is whether the estimated loss of interest on those interest-bearing accounts, of all the cities in the table, is included.

Mr. FREW. I do not know.

Mr. UNTERMYER. You do not know that. That is something that Mr. Lister would know, is it not?

Mr. FREW. No, sir. That is based entirely on the eight banks. They made it.

Mr. UNTERMYER. Who would know it?

Mr. FREW. The eight banks that made up the basis on which we estimated that \$296,000.

Mr. UNTERMYER. I see. Now, you have 67 banks in the clearing house, have you not?

Mr. FREW. Yes.

Mr. UNTERMYER. And you have 22 nonmembers?

Mr. FREW. Not 67; 63 banks.

Mr. UNTERMYER. 63; and 22 nonmembers?

Mr. FREW. Yes; 22 nonmembers.

Mr. UNTERMYER. Making 85 altogether?

Mr. FREW. Eighty-five.

Mr. UNTERMYER. And your committee, when it went to work to gather these data, took the data from eight banks?

Mr. FREW. Yes.

Mr. UNTERMYER. Now, I ask you the question: Which were the eight banks?

Mr. FREW. The data about interest on accounts were taken from the eight banks. The balance was all the banks.

Mr. UNTERMYER. Which were the eight banks from which the data on interest on accounts were taken?

Mr. FREW. The National City Bank, the American Exchange, the Importers' & Traders', the National Park, the First National, the Fourth National, the United States Mortgage & Trust Co.

Mr. UNTERMYER. Those are the eight banks in New York, are they not, that have the largest number of out-of-town correspondents, with the exception of the First National?

Mr. FREW. I do not think so. I do not know on what basis these banks were picked out.

Mr. UNTERMYER. You do not know why they were picked out, do you?

Mr. FREW. No, sir.

Mr. UNTERMYER. Why did you not get those data from all the banks in the clearing house?

Mr. FREW. Because we had bothered the banks so much on these other data we thought this was a matter we would leave to a few

banks, and estimate. It was a very small item, anyhow, and not worth considering.

Mr. UNTERMYER. It is a small item of \$296,000, is it not?

Mr. FREW. Yes; but—

Mr. UNTERMYER. Well, is it not?

Mr. FREW. Yes; it is.

Mr. UNTERMYER. Now, here is another thing about this report that I am a little interested in, and I think the committee would like to know about it. This report is founded or predicated on the theory that 71 per cent of all the cities and places in the United States are what are known as discretionary points, is it not?

Mr. FREW. Seventy-one of the cities?

Mr. UNTERMYER. No; that 71 per cent of all the cities of the United States are discretionary points?

Mr. FREW. No, sir.

Mr. UNTERMYER. It is not?

Mr. FREW. That is a wrong impression.

Mr. UNTERMYER. Let us see what it says. It says:

It will be observed from these figures that of our daily volume of out-of-town business for May, 1912, 71 per cent was on the discretionary points.

Mr. FREW. Discretionary points. That is correct. But it is not 71 per cent of the United States.

Mr. UNTERMYER. Let us see if it is not. That is 71 per cent of all out-of-town business of the United States, is it not?

Mr. FREW. No, sir; that is the discretionary points—Boston and those points.

Mr. UNTERMYER. I understand; but I do not think that I understand this. Does not this report say that of all the out-of-town business of the United States 71 per cent of that business is on these discretionary points?

Mr. FREW. Yes; that comes to New York.

Mr. UNTERMYER. But it does say that?

Mr. FREW. Seventy-one per cent that comes to New York.

Mr. UNTERMYER. And what are the discretionary points which you say constitute 71 per cent of the total out-of-town business that comes to New York in the United States? What are those points?

Mr. FREW. Boston, Providence, Albany, Troy, Jersey City, Hoboken, Newark, Philadelphia, and Baltimore.

Mr. UNTERMYER. By "discretionary points" you mean that those are points with respect to which the New York banks make no out-of-town collection charge; is that correct?

Mr. FREW. They are not obliged to under the rules. They can if they choose.

Mr. UNTERMYER. I mean the banks are not compelled to?

Mr. FREW. They are not obliged to; no, sir.

Mr. UNTERMYER. So that you want us to understand that checks on those cities which you have named contribute 71 per cent of all of the out-of-town checks in the United States that come to New York?

Mr. FREW. That is it, exactly. Not that come to New York; that are collected through banks of New York.

Mr. UNTERMYER. I am speaking of those that come through the clearing house banks and nonmember banks of New York.

Mr. FREW. Clearing house members; not nonmembers.

Mr. UNTERMYER. Clearing house banks and nonmember banks?

Mr. FREW. Only members. We did not get any reports from nonmembers.

Mr. UNTERMYER. You have not taken nonmembers' business into account at all?

Mr. FREW. No; it is too small to alter the general result.

Mr. UNTERMYER. You mean the 22 nonmember banks are too small to alter the general result?

Mr. FREW. Their out-of-town business.

Mr. UNTERMYER. Is that what you mean to say?

Mr. FREW. I mean their out-of-town business is comparatively small. That is what I mean.

Mr. UNTERMYER. But yet the seven little fellows that are not nonmembers you think ought to be taken into consideration in your calculation?

Mr. FREW. You asked where that \$1,000,000 was.

Mr. UNTERMYER. The \$1,800,000 a day.

Mr. FREW. That is, checks on their own banks.

Mr. UNTERMYER. What is the \$1,800,000 a day a year?

Mr. FREW. \$1,800,000 a day?

Mr. UNTERMYER. Yes.

Mr. FREW. That would be about \$720,000,000 a year.

Mr. UNTERMYER. Do you think these seven little concerns you have spoken of have \$700,000,000 a year and over of out-of-town check business?

Mr. FREW. That is the checks on their own banks; not what they receive on deposit; and they are not members of the clearing house.

Mr. UNTERMYER. Do you want us to understand that those seven little concerns are the ones Mr. Lister put in this table as constituting an average of \$1,800,000 of business a day?

Mr. FREW. Yes.

Mr. UNTERMYER. Which would be about \$700,000,000 or \$800,000,000 a year in out-of-town check business?

Mr. FREW. It is not out-of-town check business.

Mr. UNTERMYER. Any kind of business?

Mr. FREW. But it is checks on themselves.

Mr. UNTERMYER. Do you mean us to understand that those seven little concerns do \$800,000,000 a year of business?

Mr. FREW. \$720,000,000 of drafts drawn on them a year.

Mr. UNTERMYER. Of drafts drawn on those seven?

Mr. FREW. No; I do not say seven. I say all of those banks that made up this table report on that thing, and they may include the Harriman National Bank, for all I know. The parties that made it up could tell you.

Mr. UNTERMYER. You could not tell us?

Mr. FREW. I could not tell you what banks that constitutes in New York; no, sir.

Mr. UNTERMYER. Let us come back to this 71 per cent of business a year.

Mr. FREW. Yes; that is a good idea.

Mr. UNTERMYER. Have you the data there on which that is based? Has Mr. Lister those data? Did Mr. Lister make it up?

Mr. FREW. He made it up from the report to the committee of the banks.

Mr. UNTERMYER. Then I think we will take up this. I wanted to ask you one other thing. We will ask Mr. Lister about that.

May I ask you another question? In the panic of 1907, when the out-of-town banks sought to withdraw their funds from New York, what happened? Did they succeed in getting them?

Mr. FREW. I do not know, sir.

Mr. UNTERMYER. But you must know as to your bank.

Mr. LISTER. My bank—they got it.

Mr. UNTERMYER. Which banks did they not succeed in getting them from?

Mr. FREW. I do not know.

Mr. UNTERMYER. You say you were a member of the loans committee of the clearing house?

Mr. FREW. But I was not managing the other banks.

Mr. UNTERMYER. Never mind; but this was all discussed in the clearing house?

Mr. FREW. No, sir.

Mr. UNTERMYER. Never?

Mr. FREW. No, sir.

Mr. UNTERMYER. Not a word?

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

Mr. UNTERMYER. You have no information on the subject?

Mr. FREW. No, sir.

Mr. UNTERMYER. And the president of your bank was a member of the clearing-house committee?

Mr. FREW. Yes.

Mr. UNTERMYER. And you were a member of the loans committee?

Mr. FREW. Yes, sir.

Mr. UNTERMYER. And the two sat together?

Mr. FREW. Yes; occasionally.

Mr. UNTERMYER. I thought you said they sat together?

Mr. FREW. They did at times; yes, sir.

Mr. UNTERMYER. And during all that strenuous time you were passing on what assistance should be given the banks in the city, were you not?

Mr. FREW. Yes.

Mr. UNTERMYER. And you were passing and your committee was passing on the question whether clearing-house certificates should be issued to given banks, were you not?

Mr. FREW. Yes, sir; that was the question we were there for.

Mr. UNTERMYER. And during all that time you did not know of any discussion as to withholding from the out-of-town banks, that had their money in New York, the withdrawal of those moneys?

Mr. FREW. No, sir. Withholding it?

Mr. UNTERMYER. Yes.

Mr. FREW. No, sir; I did not.

Mr. UNTERMYER. You knew nothing about it?

Mr. FREW. No, sir; I did not.

Mr. UNTERMYER. And you can not tell us what certain of the banks in New York City did at this time, can you?

Mr. FREW. The banks in New York City, a number of them, took out clearing house certificates. That was to pay their out-of-town correspondents, or to make loans.

Mr. UNTERMYER. I am not speaking of clearing house certificates now.

Mr. FREW. Yes.

Mr. UNTERMYER. I am asking you if you know what action the New York banks took in response to the demands of their out-of-town customers to withdraw their money from New York.

Mr. FREW. I never heard of that.

Mr. UNTERMYER. You do not know of that?

Mr. FREW. I do not know about that; no, sir.

Mr. UNTERMYER. You do not know that they declined to let them draw it, do you?

Mr. FREW. No, sir; I do not.

Mr. UNTERMYER. You never heard of that?

Mr. FREW. No, sir; I have not.

Mr. UNTERMYER. You never heard that any of the New York banks declined to let the out-of-town banks withdraw?

Mr. FREW. I did not; no, sir.

Mr. UNTERMYER. Mr. Frew, have you heard of the argument that has been from time to time presented in connection with the question of currency reform, to the effect that currency reform of a certain kind would keep the funds of the country and out-of-town banks away from New York, and keep it in their localities?

Mr. FREW. I am not familiar enough with that subject to discuss it.

Mr. UNTERMYER. And you do not want to discuss it?

Mr. FREW. No, sir; I do not want to discuss it.

Mr. UNTERMYER. Very well.

Witness excused.

#### TESTIMONY OF FREDERICK K. LISTER.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your occupation?

Mr. LISTER. I have latterly been acting as secretary of the committee, but I am with the Fourth National Bank.

Mr. UNTERMYER. In what capacity?

Mr. LISTER. I am head of the credit department.

Mr. UNTERMYER. Are you an accountant?

Mr. LISTER. No, sir.

Mr. UNTERMYER. Did you have the aid of an accountant in making up the report of this committee to which Mr. Frew has referred this morning?

Mr. LISTER. No, sir.

Mr. UNTERMYER. Did you make it up yourself?

Mr. LISTER. I did.

Mr. UNTERMYER. And was there no accountant used in connection with it?

Mr. LISTER. None at all.

Mr. UNTERMYER. I call your attention to the items in this table, on page 4 of the report, to which Mr. Frew's attention was called: New York City, \$1,068,025; Greater New York, \$347,883. What do those two figures indicate in that table?

Mr. LISTER. They indicate a total of the items on banks not clearing through the New York Clearing House, both in the city of New York proper and in Greater New York.

Mr. UNTERMYER. That includes all the nonmember banks, does it not?

Mr. LISTER. I think not.

Mr. UNTERMYER. Have you the data as to how many banks are included in those figures? Let me see the figures.

Mr. LISTER. We have reports from 64 institutions, members of the clearing house.

Mr. UNTERMYER. They are members of the clearing house?

Mr. LISTER. Yes.

Mr. UNTERMYER. I want the figures from which that data is compiled. Have you got those here?

Mr. LISTER. I can show you the form in which the figures were given to us.

Mr. UNTERMYER. No; then we would have to go through 64 reports.

Mr. LISTER. No; one report would be sufficient [producing papers].

Mr. UNTERMYER. These reports do not show any more than the printed report that is in evidence, do they?

Mr. LISTER. No, sir; we do not attempt to get the volume on each one of the banks in New York City or Greater New York; simply the total of the amount.

Mr. UNTERMYER. But a check deposited in a New York Clearing House bank, drawn on another bank in the city of New York, you include in that table, do you, and in your calculations, as a check drawn on a discretionary point?

Mr. LISTER. We include as a foreign item any cash item that does not go through the New York Clearing House. That would take in items on those banks not members of the clearing house.

Mr. UNTERMYER. Will you answer that specifically, because it is important in this connection?

You include, do you not, in this item of discretionary points all checks deposited in New York City Clearing House banks, drawn on other banks in New York City?

Mr. LISTER. Yes, sir.

Mr. UNTERMYER. And you include the expense and loss of time in the collection of all such checks, do you not?

Mr. LISTER. The expense.

Mr. UNTERMYER. And the loss of time?

Mr. LISTER. The loss of time. There is no expense except in loss of time.

Mr. UNTERMYER. Oh, yes; there is another item of expense here, of \$569,461. You include that expense, too, in this table, do you not?

Mr. LISTER. Oh, yes. That is a part of the expense; yes, sir.

Mr. UNTERMYER. So that in figuring up what it costs to collect out-of-town checks it is a fact, is it not, that this committee has figured into that cost the expenses of collecting checks in the city of New York, and the interest lost in collecting checks in the city of New York?

Mr. LISTER. That is true; yes. May I add a word there?

Mr. UNTERMYER. Certainly.

Mr. LISTER. It takes just as long and involves the same amount of labor in collecting those checks, because they are not cleared, as it does checks on Hoboken or Jersey City.

Mr. UNTERMYER. I understand.

Mr. LISTER. So the position of the check is about the same as that of a check on those cities would be.

Mr. UNTERMYER. You mean it takes three or four days to get the money?

Mr. LISTER. Yes.

Mr. UNTERMYER. And in making up these figures to show that the clearing house banks, under their present system, only make a small amount of money on their out-of-town collections, you have charged against the cost of those collections, if I understand you rightly, a proportion of your rent and of the salaries and clerk hire, and the interest loss on checks deposited in clearing house banks drawn on other banks in the city of New York?

Mr. LISTER. That is correct.

Mr. UNTERMYER. Where are the figures on which you base the statement that 71 per cent of the whole out-of-town collection check business passing through the clearing house banks is on these few cities enumerated by Mr. Frew?

Mr. LISTER. It is all in those tables.

Mr. UNTERMYER. Point to the data in one such report. I want to analyze that.

Mr. LISTER. There are the discretionary cities, and there is the amount that each one bank has on those cities. The total of the figures from each of those reports makes up the total we have given in our report. It appears at the top of the column on each report there.

Mr. UNTERMYER. I understand. Let us take this up for a moment. You took a given month of the year, did you not?

Mr. LISTER. Yes, sir.

Mr. UNTERMYER. And you did not take into account, as you say, any nonmember banks?

Mr. LISTER. No, sir.

Mr. UNTERMYER. Let us take this one illustration which you have given me now. That does not show over 60 per cent, does it, including the city of New York and Greater New York, in the discretionary points.

Mr. LISTER. No, sir.

Mr. UNTERMYER. About 60 per cent?

Mr. LISTER. Yes; just about 60 per cent, or 61.

Mr. UNTERMYER. May I look at these reports?

Mr. LISTER. Yes.

Mr. UNTERMYER. Take the next statement on which we happen to put our hands—the Bank of New York. That does not answer your question at all, as to the details of discretionary points, does it?

Mr. LISTER. No, sir.

Mr. UNTERMYER. It does not separate them at all, does it?

Mr. LISTER. No, sir; it does not give any detail.

Mr. UNTERMYER. Have you told me, now, of any other data on which you base this statement that 71 per cent of all the out-of-town collections that go through the clearing house come from the particular cities that have been enumerated?

Mr. LISTER. That go through the clearing house banks?

Mr. UNTERMYER. Yes.

Mr. LISTER. Yes. We are obliged to take the word of the individual banks on that.

Mr. UNTERMYER. You must take the word of some bank on that?

Mr. LISTER. Yes.

Mr. UNTERMYER. It looks a little unreasonable, does it not, Mr. Lister?

Mr. LISTER. Seventy-one per cent?

Mr. UNTERMYER. Yes; that those few cities should represent 71 per cent?

Mr. LISTER. I do not think so, taking everything into consideration.

Mr. UNTERMYER. Suppose you excluded the city of New York from the discretionary points.

Mr. LISTER. Yes.

Mr. UNTERMYER. What per cent would you say would go upon discretionary points?

Mr. LISTER. The percentage would be a little lower.

Mr. UNTERMYER. It would be considerably lower, would it not? New York constitutes about one-seventh of the total table, does it not?

Mr. LISTER. I have not figured it.

Mr. UNTERMYER. The table is \$14,119,000, and New York is about \$1,900,000.

Mr. LISTER. The actual figures are \$16,284,000. We figured on 300 days to the year, instead of 365.

Mr. UNTERMYER. I figured on 365.

Mr. LISTER. Yes. We figured on 300. The average daily amount is \$16,284,000, and is so stated in the report.

Mr. UNTERMYER. Your whole calculation in this report is predicated, is it not, on two propositions; first, that New York City ought to be a discretionary point for New York banks, and second, that 71 per cent of all the business of collecting out of town checks that goes through the New York Clearing House is on these discretionary points, including New York City? That is the basis of your calculation, is it not?

Mr. LISTER. I do not believe I quite catch the import of your question.

Mr. UNTERMYER. The import of my question is this: To ascertain from you whether there are not those two basic propositions on which this report is founded; one that the discretionary points, including New York City, constitute 71 per cent of the total out-of-town collection business of the clearing house banks throughout the country, and secondly, that New York City and Greater New York are proper discretionary points. I ask whether the correctness of the report is not predicated on those two propositions?

Mr. LISTER. I do not believe I know quite yet what the import of your question, is.

Mr. UNTERMYER. I think that explains itself. That is all.

Witness excused.

Mr. UNTERMYER. I want to put in evidence the regulations, constitution, and by-laws of the Chicago Clearing House Association, and that closes our investigation on the clearing house situation.

The CHAIRMAN. Let the documents be marked.

The documents referred to were thereupon marked Exhibits Nos. 71, 72, and 73, respectively, and will be found at the end of the proceedings of December 19.

## TESTIMONY OF MR. LAWRENCE W. SCUDDER.

The witness was duly sworn by the chairman.

Mr. UNTERMYER. What is your occupation, Mr. Scudder?

Mr. SCUDDER. I am a certified public accountant of the city of New York and a statistician.

Mr. UNTERMYER. You are a statistician?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Where do you live?

Mr. SCUDDER. In New York City.

Mr. UNTERMYER. Where is your place of business?

Mr. SCUDDER. No. 55 Wall Street, New York City.

Mr. UNTERMYER. With whom are you associated?

Mr. SCUDDER. I am associated with my father and my brother in a company called the Investors' Agency, which has a statistical library of financial statistics, located at that address.

Mr. UNTERMYER. And you do statistical work?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Have you prepared certain tables and diagrams at the request of the committee in connection with transactions on the stock exchange?

Mr. SCUDDER. I have.

Mr. UNTERMYER. Will you please produce them?

Mr. SCUDDER. Here they are, sir.

Mr. UNTERMYER. Tell us what were your instructions and what these tables represent.

Mr. SCUDDER. I was asked to prepare statistics on certain transactions on certain stocks on the New York Stock Exchange.

Mr. UNTERMYER. You do not mean on certain transactions, do you? On all transactions?

Mr. SCUDDER. On all transactions on certain stocks on the New York Stock Exchange, showing the number of shares sold in each month, the number of shares listed on the exchange—

Mr. UNTERMYER. In each of the same months?

Mr. SCUDDER. In each of the same months; the high and low prices during those months, and also the number of shares transferred on the books of the company, which data was obtained from the transfer agents or registrars of the various companies.

Mr. UNTERMYER. With respect to which corporations were you asked to make that sort of a table?

Mr. SCUDDER. The United States Steel Corporation, the Reading Co., the Erie Railroad Co., the Rock Island Co., the Consolidated Gas Co., the Union Pacific Railroad Co., the Columbus & Hocking Coal & Iron Co., the American Can Co., the American Smelting & Refining Co., the Amalgamated Copper Co., the Colorado Fuel & Iron Co., the Brooklyn Rapid Transit Co., the California Petroleum Co., and the Mexican Petroleum Co.

Mr. UNTERMYER. Have you these reports here?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. The transfer agents of the stock of these corporations are trust companies or banks?

Mr. SCUDDER. In nearly every case they were. In one or two cases the company itself was the transfer agent.

Mr. UNTERMYER. In the case of the Union Pacific was the company the transfer agent?

Mr. SCUDDER. It was; yes, sir.

Mr. UNTERMYER. Were you able to get its records?

Mr. SCUDDER. I was able to get its records from December, 1911, on.

Mr. UNTERMYER. What had become of the previous records?

Mr. SCUDDER. They were destroyed in the fire of the Equitable Life Building last January.

Mr. UNTERMYER. In any of the cases were there firms that were transfer agents?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Which were they?

Mr. SCUDDER. In the case of the Reading Co. and the Erie Railroad; J. P. Morgan & Co. were transfer agents for those stocks.

Mr. UNTERMYER. Who was the transfer agent for the United States Steel Corporation?

Mr. SCUDDER. The United States Steel Corporation itself.

Mr. UNTERMYER. It is its own transfer agent?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Who is its registrar?

Mr. SCUDDER. I do not know, sir.

Mr. UNTERMYER. Suppose you let us have the Reading table. Have you a diagram in connection with that table?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. Have you, in connection with that, a list of the high and low prices on particular days?

Mr. SCUDDER. I have; yes, sir [producing papers].

Mr. UNTERMYER. Let me have it, please.

Mr. SCUDDER. Here it is.

Mr. UNTERMYER. Do you know why the amount of actual stock transferred on the books of the companies was taken as a part of the tables?

Mr. SCUDDER. I understand that the reason the number of shares transferred on the books of the company was taken as a part of the tables was in order to show what proportion of the sales on the exchange were sales of stock which was for a speculative transaction; that is, which was not bought for investment purposes.

Mr. UNTERMYER. You mean it was to show which was bought for investment purposes? Is that what you mean?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. That is, the Reading is a dividend-paying stock, is it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. And the transfers on the books of the company would show approximately those who bought the stock for investment as against the other sales for speculative accounts?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Is it not a fact that among even those stocks transferred on the books it is a custom for brokers who buy on margins for customers, or who buy for speculative accounts, to have even those stocks transferred on the books, where the company is a dividend-paying company?

Mr. SCUDDER. Some of those are transferred; yes, sir.

Mr. UNTERMYER. So that would there or would there not be included, in all probability, among even the stocks transferred on the books, some stocks that were bought and held for speculative purposes.

Mr. SCUDDER. There would.

Mr. UNTERMYER. But that is about as near as you could get to it?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. So that in your tables have you included as investment purchases everything that was transferred on the books of the company into the name of the purchaser?

Mr. SCUDDER. I have.

Mr. UNTERMYER. That has all been regarded as investment?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Now take up the Reading Railroad table. For what years did you take that?

Mr. SCUDDER. From 1906 to date—November, 1912.

Mr. UNTERMYER. Did you take the transactions every day, month by month?

Mr. SCUDDER. I took the transactions month by month.

Mr. UNTERMYER. What is the outstanding capital of the Reading Co.—how many shares?

Mr. SCUDDER. There are 1,400,000 shares listed.

Mr. UNTERMYER. Of that 1,400,000 shares which are listed how much, if any, is in the treasury of other railroad corporations?

Mr. SCUDDER. Four hundred thousand are held by the Baltimore & Ohio Railroad Co.

Mr. UNTERMYER. Is it all held by the Baltimore & Ohio?

Mr. SCUDDER. And the Lake Shore & Michigan Southern Railway Co.

Mr. UNTERMYER. How much is held by each?

Mr. SCUDDER. I do not know, sir.

Mr. UNTERMYER. But that 400,000 is out of the market, is it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Have you made your calculations here based upon that being out of the market or in the market?

Mr. SCUDDER. Both.

Mr. UNTERMYER. You have made it both ways?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What is the total number of shares sold in that period from 1906?

Mr. SCUDDER. The total number of shares sold in the period in which we made the calculation was 216,644,898.

Mr. UNTERMYER. And what is the total amount transferred during that period?

Mr. SCUDDER. 18,592,290.

Mr. UNTERMYER. What proportion does the amount of stock transferred on the books, then, in percentages, bear the amount of sales?

Mr. SCUDDER. 8.6 per cent.

Mr. UNTERMYER. Then, according to that theory of making up the accounts, there would be 8.6 per cent of the dealings in that stock on the exchange investment dealings?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMEYER. And the rest would be speculative dealings?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Your table shows that year by year also, and month by month; does it not?

Mr. SCUDDER. Yes, sir; it shows the totals year by year and the totals month by month.

Mr. UNTERMYER. Yes. Take the first month of 1906. What was the total amount of shares sold that month?

Mr. SCUDDER. Three million—

Mr. UNTERMYER. No. Will you not listen to my question, please?

By request, the stenographer read the pending question.

Mr. UNTERMYER. I ask you for the total shares sold, Mr. Scudder.

Mr. SCUDDER. The total shares sold that month were three million—

Mr. UNTERMYER. No; I do not mean that month; I mean the year 1906.

Mr. SCUDDER. Oh, the year 1912?

Mr. UNTERMYER. No; the year 1906.

Mr. SCUDDER. In 1906 it was 43,764,840.

Mr. UNTERMYER. So that there were 43 times the outstanding capital dealt in that year?

Mr. SCUDDER. Yes, sir; 43.7 times the capital which was subject to dealings.

Mr. UNTERMYER. Yes. What was the highest number of shares dealt in during any month of that year—1906? I think it was December, was it not?

Mr. SCUDDER. September, I think—6,533,220.

Mr. UNTERMYER. That is, over six times the total outstanding stock of the company not in the hands of the other railroads?

Mr. SCUDDER. Over six and a half times.

Mr. UNTERMYER. I will offer that in evidence in a moment. Have you also prepared a diagram showing the sales and fluctuations in the stock of the Reading Co. during this same period?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. The black lines show the sales on the exchange?

Mr. SCUDDER. They do; yes, sir.

Mr. UNTERMYER. Do they show them month by month and year by year?

Mr. SCUDDER. They show the monthly sales on the exchange.

Mr. UNTERMYER. Do the red lines show the prices—the high and low prices?

Mr. SCUDDER. The red lines show the high and low prices.

Mr. UNTERMYER. What are the lower black lines?

Mr. SCUDDER. They represent the stock transfers.

Mr. UNTERMYER. What are the extreme figures on the left-hand side? Do they show the prices?

Mr. SCUDDER. They show the prices; yes, sir.

Mr. UNTERMYER. And the other figures adjoining those—they show the shares sold?

Mr. SCUDDER. The shares sold; yes.

Mr. UNTERMYER. This table on the extreme upper left-hand corner has certain figures—6,533,220. What does that show?

Mr. SCUDDER. That is given there to show the maximum number of shares sold as shown by that peak in the diagram.

Mr. UNTERMYER. You mean the maximum shares sold within what period?

Mr. SCUDDER. Within a month.

Mr. UNTERMYER. In a month?

Mr. SCUDDER. In a month.

Mr. UNTERMYER. At the highest point?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. And the others are for the same purpose, are they?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. In connection with the Reading Railroad, have you also there a statement showing the highest single day's sales during this period?

Mr. SCUDDER. During 13 months of this period.

Mr. UNTERMYER. You have shown those day by day?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. I will offer those three documents and ask to have them marked.

The papers referred to, being a table, a diagram, and another table, were marked, respectively, "Exhibit No. 74, December 11, 1912," "Exhibit No. 75, December 11, 1912," and "Exhibit No. 76, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Is this the paper containing the highest daily sales?

Mr. SCUDDER. There are two papers representing that.

Mr. UNTERMYER. In tabulating these sales of stock on the exchange, how do you arrive at the total sales made with respect to this subject? If 100 shares, we will say, of United States Steel stock or Reading stock passes through 20 hands in a single day, do you enumerate the 100 shares, or 2,000 shares?

Mr. SCUDDER. These figures are taken from the Commercial and Financial Chronicle, which shows the number of shares dealt in on the stock exchange, whether or not they are represented by 1 certificate or 50. That is, if 1 certificate for 100 shares of stock passes through 3 hands in 1 day on the New York Stock Exchange, it would be considered as 300 shares of stock sold.

Mr. UNTERMYER. In other words, every sale is recorded?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Have you any average statement there showing how many times the outstanding capital stock has been dealt in month by month, compiled in that way, to show how many times over the capital stock has been dealt in?

Mr. SCUDDER. Do you mean the capital stock subject to sale or listed on the exchange?

Mr. UNTERMYER. The capital stock subject to sale.

Mr. SCUDDER. The capital stock subject to sale? I will have to look at that table to answer that question. [After examining table.] The capital stock subject to sale, on an average, during the period under review, was dealt in 30.95 times a year.

Mr. UNTERMYER. It was dealt in over 30 times a year?

Mr. SCUDDER. It was dealt in over 30 times a year; yes, sir.

Mr. UNTERMYER. During this period?

Mr. SCUDDER. During the period from 1906 to date.

Mr. UNTERMYER. What relation, if any, do you find between the magnitude of sales of the stock and the high and low prices of the stock as to the activity of the stock?

Mr. SCUDDER. From an examination of the diagram?

Mr. UNTERMYER. Yes.

Mr. SCUDDER. The diagram shows that in the latter part of 1906 and the early part of 1907, during the periods of great activity, the price of the stock was high. During the periods of low activity following, the price of the stock was low. Following that, with increased activity, the price of the stock rose to approximately 160 to 170 in 1909, and it has remained about that figure since, decreasing at various times and increasing—usually increasing with the increase in activity and decreasing with the decrease in activity.

Mr. UNTERMYER. Have you any means there of ascertaining the extreme fluctuations in a single day?

Mr. SCUDDER. No, sir.

Mr. UNTERMYER. Have you any means of ascertaining the fluctuations within a month?

Mr. SCUDDER. That will be shown on the chart; yes, sir.

Mr. UNTERMYER. Which chart?

Mr. SCUDDER. I mean the statement.

Mr. UNTERMYER. Just look at it and tell us.

Mr. SCUDDER. In September, 1906, Mr. Untermeyer, the range of price was from 136½ low to 156½ high, a range of 20½ points.

Mr. UNTERMYER. What is the highest proportion of shares sold to the shares of the company actually subject to sale? Over 43 times, nearly 44 times, is it not?

Mr. SCUDDER. In one year; yes, sir.

Mr. UNTERMYER. That is in any one year.

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What is the lowest ratio of shares sold in any one year to shares subject to sale?

Mr. SCUDDER. About 20, sir.

Mr. UNTERMYER. That is, twenty times the capital?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Now, let us take up the next security on the list.

Mr. SCUDDER. I have here the chart of the Erie Railroad, sir.

Mr. UNTERMYER. Let us have the papers. Has that been taken for the same period?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Give me the rest of them, the highest and lowest.

The witness produced several papers.

Mr. UNTERMYER. What is the total capital of the Erie road?

Mr. SCUDDER. The shares listed in 1906 were 1,123,789, and have not been changed since.

Mr. UNTERMYER. Are these the three like statements you have prepared with respect to the Erie road?

Mr. SCUDDER. I believe they are; yes, sir.

Mr. UNTERMYER. Are they prepared on the same basis as you have already explained with respect to the Reading?

Mr. SCUDDER. They are; yes, sir.

The papers referred to, being a statement, a diagram, and another statement, were marked, respectively, "Exhibit No. 77, December 11,

1912," "Exhibit No. 78, December 11, 1912," and "Exhibit No. 79, December 11, 1912." and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Do you find the same rule prevailing with respect to the shares of the Erie Railroad as with respect to the shares of the Reading Railroad as to the activity of the stock and the volume of business as the stock reaches its highest point?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What was the range of prices there within a given period, in the case of the Erie?

Mr. SCUDDER. In January, 1907, the low price was 33½ and the high price 44½, a difference of over 10 points.

Mr. UNTERMYER. No; but just look at the chart, will you?

Mr. SCUDDER. Oh, that is not the price. You asked for the price. That is the activity.

Mr. UNTERMYER. What has been the low price and the high price of Erie during the period covered by this diagram?

Mr. SCUDDER. The low price appears to be 12, in March, 1908, and the high price was 50½, in January, 1906.

Mr. UNTERMYER. Coming back to Reading, for a moment, if the average sales of Reading amounted to about 30 times the capital in one year, and the broker received one-eighth of 1 per cent for selling and one-eighth of 1 per cent for buying, or one-quarter on each transaction; which is right, is it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Then what would that amount to during the year in the way of brokerage on the entire capital stock? How much per share on the capital stock would that amount to?

Mr. SCUDDER. That would be one-eighth—

Mr. UNTERMYER. It would be about 7½ per cent on the par value, would it not?

Mr. SCUDDER. It would be one-quarter of 30, which would be 7½; yes, sir.

Mr. UNTERMYER. 7½ per cent of the par value of the stock; and in the case of stock like Erie, selling at \$40 a share, it would amount to how much of the selling value; about 20 per cent, would it not?

Mr. SCUDDER. 7½ is equal to about 20 per cent.

Mr. UNTERMYER. But the dealings in Erie were not as large as they were in Reading?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Do you remember what the Reading dividend has been?

Mr. SCUDDER. My recollection is that it is 4 per cent.

Mr. UNTERMYER. That is, the Reading stock is half stock; \$50 shares?

Mr. SCUDDER. The par value of Reading stock is \$50 a share.

Mr. UNTERMYER. What about the quoted value?

Mr. SCUDDER. The quoted value is per cent, and not per share.

Mr. UNTERMYER. The quoted value is on the basis of \$100 a share?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. But the dealings that are represented in these lists, are they dealings in \$50 shares?

Mr. SCUDDER. In \$50 shares; yes, sir.

Mr. UNTERMYER. Are you sure about that?

Mr. SCUDDER. Absolutely positive; yes, sir.

Mr. UNTERMYER. Why are you so positive, Mr. Scudder? There may be some mistake about it.

Mr. SCUDDER. The reason I am positive is because Mr. Todd inquired about that, and we looked that up and inquired about it.

Mr. UNTERMYER. You investigated that specially, did you?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. That is, the quotation is on the basis of the price of two shares?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. In the dealings in shares, the number of shares, it is on the basis of two shares?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Is that right, Mr. Kepler?

Mr. KEPLER. Yes, sir; that is right.

Mr. UNTERMYER. Will you be good enough now to take up the next? What is the next one?

Mr. SCUDDER. United States Steel.

Mr. UNTERMYER. Have you now here the figures and charts with respect to the United States Steel Corporation?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. Covering what period?

Mr. SCUDDER. Covering the period from 1906 to date.

Mr. UNTERMYER. What is its total outstanding capital?

Mr. SCUDDER. The shares listed on the New York Stock Exchange were, in 1906, 5,084,952.

Mr. UNTERMYER. And they have not changed since?

Mr. SCUDDER. And they have not been changed since.

Mr. UNTERMYER. That includes both classes, does it?

Mr. SCUDDER. No, sir; merely the common.

Mr. UNTERMYER. This is only a table of the common stock?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. What were the total dealings in that stock in 1906?

Mr. SCUDDER. In 1906 there were 23,478,339 shares sold.

Mr. UNTERMYER. Against how many transfers?

Mr. SCUDDER. Three million six hundred and sixteen thousand seven hundred and forty-seven.

Mr. UNTERMYER. What were the highest sales in any one year in that stock? The sales were highest in 1910, were they not?

Mr. SCUDDER. In 1910; yes, sir.

Mr. UNTERMYER. What did they amount to then?

Mr. SCUDDER. Thirty-nine million four hundred and thirteen thousand three hundred and eighty-four.

Mr. UNTERMYER. Have you computed here the sales as compared with the transfers?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. During each of the years?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. And have you an average for the whole period?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. What were the total sales for the period?

Mr. SCUDDER. The total sales for the period were 184,744,182.

Mr. UNTERMYER. And that was how many times the capital? Never mind; that is a little misleading. That covers the whole period. I will not press that question. The highest sales for any one year, that is, in 1910, were about seven or eight times the capital?

Mr. SCUDDER. About seven and three-quarters times.

Mr. UNTERMYER. And how did they compare for the entire period, in percentage?

Mr. SCUDDER. The average yearly rate was about five and one-fifth times per year.

Mr. UNTERMYER. The capital?

Mr. SCUDDER. The capital; yes, sir.

Mr. UNTERMYER. And how about the comparison between the transfers and the shares sold?

Mr. SCUDDER. The transfers represented about 25 per cent of the shares sold.

Mr. UNTERMYER. Is this diagram like the others, prepared on the same basis?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Showing the monthly fluctuations in sales and in prices, and the amount of transfers?

Mr. SCUDDER. It is; yes, sir.

Mr. UNTERMYER. Are all these tables of the United States Steel Corporation based on the operations in the common stock only?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. And is that so as to the others, also?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. The Erie and the Reading?

Mr. SCUDDER. Yes, sir. Where there are two classes of stock, we have taken the common.

Mr. UNTERMYER. Why did you do that?

Mr. SCUDDER. Inasmuch as we thought that the preferred stock of the company represented more of a—

Mr. UNTERMYER. Represented investments?

Mr. SCUDDER. Represented more investments; yes, sir. If there were speculation, it would probably be in the common stock.

Mr. UNTERMYER. Yes; that is, it was the more probable subject of speculation?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. At any rate, those were your instructions, were they not?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. To prepare the list only with respect to what appeared to be the speculative stock?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Now, will you take the Amalgamated Copper?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Taking up the Amalgamated Copper Co., what appears to have been the period of speculation there?

Mr. SCUDDER. We were asked to prepare the statistics in that company from 1900 to 1912.

Mr. UNTERMYER. What did you find as to 1900?

Mr. SCUDDER. The stock, I believe, was listed; it was not dealt in on the exchange until November, 1900.

Mr. UNTERMYER. What is the total capital?

- Mr. SCUDDER. The capital of the company was 1,538,879 shares.
- Mr. UNTERMYER. Oh, no; what was it at the beginning, in 1901? It was 750,000 shares, was it not?
- Mr. SCUDDER. Yes; the capital of the company was 750,000 shares.
- Mr. UNTERMYER. When was it increased?
- Mr. SCUDDER. It was increased in 1902 to 1,485,000 shares.
- Mr. UNTERMYER. Has it remained there since?
- Mr. SCUDDER. No; it was increased in 1903 to 1,538,000 shares.
- Mr. UNTERMYER. Has it remained there?
- Mr. SCUDDER. It remained there until 1910, when it was increased to 1,550,000 shares, the total authorized amount.
- Mr. UNTERMYER. When the capital was 750,000 shares, in 1901, what were the yearly sales?
- Mr. SCUDDER. The yearly sales in 1901 were 11,826,038.
- Mr. UNTERMYER. In 1906 what were the yearly sales, when the capital was 1,538,880?
- Mr. SCUDDER. The yearly sales were 30,289,126.
- Mr. UNTERMYER. What was the highest sale during any month of that year?
- Mr. SCUDDER. 4,212,405 shares, in January of that year.
- Mr. UNTERMYER. In January. That is almost three times the capital stock, is it not?
- Mr. SCUDDER. Yes, sir.
- Mr. UNTERMYER. That is, January, 1906, is it?
- Mr. SCUDDER. Yes.
- Mr. UNTERMYER. What were the total sales during the period between 1906 and 1912?
- Mr. SCUDDER. 85,628,700.
- Mr. UNTERMYER. What were the transfers?
- Mr. SCUDDER. 15,639,213.
- Mr. UNTERMYER. What is the average ratio of shares sold to shares listed on the exchange?
- Mr. SCUDDER. About 8.05.
- Mr. UNTERMYER. You mean eight times?
- Mr. SCUDDER. Eight times; yes, sir.
- Mr. UNTERMYER. That is the average?
- Mr. SCUDDER. That is the yearly average.
- Mr. UNTERMYER. That is the daily average throughout the year, is it not?
- Mr. SCUDDER. No, sir; I mean that during this period from 1901 to date there has been an average of eight times the capital of the company transferred on the exchange each year.
- Mr. UNTERMYER. Each year?
- Mr. SCUDDER. Yes, sir.
- Mr. UNTERMYER. What was the day in that period when the greatest number of shares was sold? It was the 15th of March, 1907, was it not?
- Mr. SCUDDER. March 15, 1907.
- Mr. UNTERMYER. How many shares were sold that day?
- Mr. SCUDDER. 2,147,005 shares.
- Mr. UNTERMYER. That is one and a half times the capital stock, is it not—about?
- Mr. SCUDDER. About; yes, sir.
- Mr. UNTERMYER. What was the fluctuation in price that day?

Mr. SCUDDER. I can not give you the fluctuation in price that day. can give it to you that month.

Mr. UNTERMYER. What was the fluctuation that month?

Mr. SCUDDER. The high price was 111½. The low price was 78½.

Mr. UNTERMYER. This diagram shows the same features and the same fluctuations in other matters as in respect to the Amalgamated Copper Co., does it not?

Mr. SCUDDER. Yes.

The papers referred to in relation to the Amalgamated Copper Co. were marked, respectively, "Exhibit No. 80, December 11, 1912," "Exhibit No. 81, December 11, 1912," "Exhibit No. 82, December 11, 1912," and "Exhibit No. 83, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. In the case of the Union Pacific, the diagram that you submit contains no data, does it, as to the transfers, until some time in 1911?

Mr. SEVERANCE. No, sir.

Mr. UNTERMYER. That is for the reason that you have stated, that the transfer books have been destroyed in the fire?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Taking that brief period from 1911 to the present time, what has been the ratio of the sales of stock to the transfers?

Mr. SCUDDER. The transfers represent about 16 per cent of the sales.

Mr. UNTERMYER. What period does this statement cover?

Mr. SCUDDER. This statement covers transactions from 1906 to 1912.

Mr. UNTERMYER. What is the capital?

Mr. SCUDDER. The capital listed was 1,886,209 shares in 1906, and was increased to 2,166,452 in 1912.

Mr. UNTERMYER. How many times over has the capital been sold, year by year, covering that period?

Mr. SCUDDER. Year by year, 18—pretty nearly 19—times in 1906; about 16½ times in 1907, about 16 times in 1908, about 10 times in 1909, about 9 times in 1910, about 6¾ times in 1911, about 4 times in 1912.

Mr. UNTERMYER. And the average for the period is how many times oversold per year?

Mr. SCUDDER. About 11½; 11.45 times per year.

Mr. UNTERMYER. What was the most active year in Union Pacific; 1906, was it not?

Mr. SCUDDER. 1906.

Mr. UNTERMYER. What were the sales that year?

Mr. SCUDDER. 35,980,930.

Mr. UNTERMYER. Was not that the most active year in respect to which you have produced lists?

Mr. SCUDDER. I do not know.

Mr. UNTERMYER. Will you mark that on the diagram? Let us take up for a moment some very recent flotations or issues. Let us have the data with respect to the California Petroleum Co.

The tables referred to were produced by the witness and marked, respectively, Exhibits 84, 85, 86, and 87, December 11, 1912, and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Is that a very recently organized company?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Have you no diagram as to that?

Mr. SCUDDER. No, sir. There is only one month's transactions.

Mr. UNTERMYER. When was that organized?

Mr. SCUDDER. That was organized, I believe, in September of this year.

Mr. UNTERMYER. And listed on the exchange when?

Mr. SCUDDER. The only full month for which we could get transactions was October, 1912.

Mr. UNTERMYER. That is the only month?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What was the number of shares listed?

Mr. SCUDDER. The number of shares listed was 105,729.

Mr. UNTERMYER. How many shares were sold that month?

Mr. SCUDDER. Three hundred and sixty-two thousand two hundred and seventy.

Mr. UNTERMYER. How many were transferred?

Mr. SCUDDER. Ninety-two thousand two hundred and seventy-five.

Mr. UNTERMYER. Is that a comparatively unknown property?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. It is very recent?

Mr. SCUDDER. Yes, sir.

The paper just referred to was marked Exhibit No. 88, December 11, 1912, and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Give me the data on the Mexican Petroleum Co. When was that listed on the exchange?

Mr. SCUDDER. The first full month we could get for that was April, 1912.

Mr. UNTERMYER. How many shares were listed?

Mr. SCUDDER. One hundred and twenty-one thousand eight hundred and forty-nine.

Mr. UNTERMYER. And you have the statistics here of the number sold every month on the exchange?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. The first month, what appears on the list? How many shares were sold?

Mr. SCUDDER. Two hundred and five thousand five hundred and fifty.

Mr. UNTERMYER. Nearly twice the capital?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. And the next month?

Mr. SCUDDER. Two hundred and seven thousand four hundred and eighty.

Mr. UNTERMYER. How many shares were transferred on the books that month?

Mr. SCUDDER. Forty-one thousand and ninety-four.

Mr. UNTERMYER. Taking the last two months for which you can get statistics, how many shares were sold in September of this year?

Mr. SCUDDER. Two hundred and two thousand four hundred.

Mr. UNTERMYER. And there were 121,849 listed?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How many were transferred on the books that month?

Mr. SCUDDER. 28,889.

Mr. UNTERMYER. For October, 1912, was the amount of shares listed the same?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. 121,849?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. How many were sold that month?

Mr. SCUDDER. 255,516.

Mr. UNTERMYER. How many were transferred?

Mr. SCUDDER. 41,607.

The paper just referred to was marked Exhibit No. 89, and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Will you let me have the data as to the Columbus & Hocking Valley Co.?

The witness produced the paper referred to.

Mr. UNTERMYER. Where are the daily sales?

Mr. SCUDDER. Here they are [producing paper].

Mr. UNTERMYER. I want the data as to the fluctuations of stock during its most actively fluctuating period. Have you not got that by dates?

Mr. SCUDDER. Not the prices; no, sir.

Mr. UNTERMYER. Look at this diagram. Does not that show it?

Mr. SCUDDER. That is January, 1910.

Mr. UNTERMYER. Tell us what it shows as to the fluctuations in stocks.

Mr. SCUDDER. This diagram shows that in 1910 the sales of stock ran up from about 25,000 the month before to 92,500, and the price of that stock at that time was about 92.

Mr. UNTERMYER. No. From what price did it go?

Mr. SCUDDER. It went from pretty nearly the same price—about 91 to 92.

Mr. UNTERMYER. No. What were the fluctuations in price that month?

Mr. SCUDDER. In January?

Mr. UNTERMYER. Yes.

Mr. SCUDDER. The high price was 92½. The low price was 12½.

Mr. UNTERMYER. That is what I want. It went from 92½ to 12½?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. From there, how much further did it go?

Mr. SCUDDER. From there it went down to nothing—or 2—in March, 1911.

Mr. UNTERMYER. And when what happened to the company? Was it reorganized?

Mr. SCUDDER. The company is being reorganized.

Mr. UNTERMYER. You say it went up to 92. From what price did it go up to 92?

Mr. SCUDDER. It went up there comparatively gradually.

Mr. UNTERMYER. From what price? From 25, was it, or something like that?

Mr. SCUDDER. In January, 1908, the price was 17½, and from there it rose almost without break until—the particular jump was in

March and April, 1909, from 25½ to 45½ and 64½. Then it continued to increase, and in August it was 73½; in September and October it was 81; in November it jumped up to 88, and in December 91½. In January it was 92½.

Mr. UNTERMYER. Then it went down in about 48 hours, did it not?

Mr. SCUDDER. Then it went down very quickly.

Mr. UNTERMYER. What was the total outstanding capital of that company; how many shares?

Mr. SCUDDER. The shares listed were 69,256 in January, 1906, and they increased to 69,908—a slight increase—up to the time that the stock was dealt in on the exchange.

Mr. UNTERMYER. At the highest price how many shares were dealt in?

Mr. SCUDDER. How many sales in that month, you mean, or how many listed on the exchange?

Mr. UNTERMYER. How many sales in that month?

Mr. SCUDDER. There were 92,500 sales in that month.

Mr. UNTERMYER. Was that at and around the high price?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. I will offer these in evidence.

The papers just referred to were thereupon marked respectively Exhibits 90, 91, 92, and 93, December 11, 1912, and will be found at the end of the proceedings of December 19.

Thereupon a recess was taken until 2 o'clock p. m.

#### AFTER RECESS.

The committee met pursuant to the taking of the recess.

#### TESTIMONY OF MR. LAWRENCE W. SCUDDER—Continued.

Mr. UNTERMYER. Will you now produce the next list of data, being the figures and the diagram and daily sales of the next company?

Mr. SCUDDER. I have them here for the Brooklyn Rapid Transit Co.

Mr. UNTERMYER. Is that a New York State corporation?

Mr. SCUDDER. I believe it is, sir; yes.

Mr. UNTERMYER. Operating where?

Mr. SCUDDER. Operating in the city of Brooklyn, part of the Greater City of New York.

Mr. UNTERMYER. What period does the data cover?

Mr. SCUDDER. It covers the period from 1906 to date.

Mr. UNTERMYER. What was the active period of Stock Exchange operations in that company?

Mr. SCUDDER. It appears to have been in 1906.

Mr. UNTERMYER. What is the amount of listed shares?

Mr. SCUDDER. In that year there were 450,000.

Mr. UNTERMYER. What was the highest single month's dealings in that year?

Mr. SCUDDER. January, 855,000.

Mr. UNTERMYER. What proportion of the capital was dealt in that month?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What proportion of the capital was dealt in that year, 1906?

Mr. SCUDDER. Fifteen and a fraction.

Mr. UNTERMYER. Do you mean by "fifteen and a fraction" fifteen times?

Mr. SCUDDER. Fifteen times the capital.

Mr. UNTERMYER. How does that compare with the recent dealings, say, the dealings for this year?

Mr. SCUDDER. The dealings for this year are approximately two times the capital.

Mr. UNTERMYER. How did the transfers in 1906 compare with the sales?

Mr. SCUDDER. In 1906 the transfers were about  $8\frac{1}{2}$  per cent of the sales.

Mr. UNTERMYER. What does that indicate as to the extent of the speculative dealings?

Mr. SCUDDER. It would indicate that the speculative dealings were approximately 90 per cent of all dealings.

Mr. UNTERMYER. Now, as to the fluctuations in price in that security, as compared with the activity in the stock, when was the price highest?

Mr. SCUDDER. The price appears to have been highest at the beginning of the year, when the stock was very active, the high price there being  $94\frac{1}{8}$ .

Mr. UNTERMYER. Was that at the time when the sales were very large?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. That was the year 1906, was it?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. When the sales were the highest?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What was the low price?

Mr. SCUDDER. The price appears to have gone down as low as  $26\frac{3}{4}$  in November, 1907.

Mr. UNTERMYER. And the sales then—were they low, too?

Mr. SCUDDER. They were low; yes, sir.

Mr. UNTERMYER. How low were they?

Mr. SCUDDER. 129,000.

Mr. UNTERMYER. For an entire year?

Mr. SCUDDER. No, sir; for a month.

Mr. UNTERMYER. Oh, I see; as compared with what high sales?

Mr. SCUDDER. 855,000 in January of the year before.

Mr. UNTERMYER. What proportion do the average sales over the entire period bear to the transfers on the books?

Mr. SCUDDER. The transfers were about 22 or 23 per cent of the sales.

Mr. UNTERMYER. I will ask the stenographer to mark those papers.

The papers referred to, being a table, a diagram, and another table, were marked "Exhibit No. 94, December 11, 1912," "Exhibit No. 95, December 11, 1912," and "Exhibit No. 96, December 11, 1912," respectively, and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Now, will you take up the papers on the Rock Island situation? In what year were the dealings there most active?

Mr. SCUDDER. Rock Island appears to have been most active in 1909.

Mr. UNTERMYER. What was the listed capital of the company?

Mr. SCUDDER. 894,275 shares in 1906. It was increased, and in October, 1912, it was 908,882.

Mr. UNTERMYER. What were the dealings in the year 1909 as against 896,222 shares of listed capital?

Mr. SCUDDER. The dealings in 1909 were 4,052,381.

Mr. UNTERMYER. As compared with how many transfers?

Mr. SCUDDER. As compared with 1,167,289 transfers.

Mr. UNTERMYER. What were the highest dealings during that year, 1909, in a single month?

Mr. SCUDDER. In the month of December there appear to have been 1,103,955 shares sold.

Mr. UNTERMYER. Which was in excess of the entire capital?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How about the range of prices?

Mr. SCUDDER. In the Rock Island the highest price was in December, 1909, when it was 81.

Mr. UNTERMYER. Did it go down from there very rapidly?

Mr. SCUDDER. It went down from there very rapidly; yes, sir.

Mr. UNTERMYER. How rapidly? Just tell us.

Mr. SCUDDER. In the next month the high price was 57½.

Mr. UNTERMYER. From 91?

Mr. SCUDDER. From 81.

Mr. UNTERMYER. Yes.

Mr. SCUDDER. Then it went down to about 50½, 51½, 49½, 46—

Mr. UNTERMYER. How low did it go?

Mr. SCUDDER. In July of that year—that is, 1910—it went down to 33½ and in September to 32½ and in December to 31.

Mr. UNTERMYER. That was from the high price of 81?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Do you know where it is selling now?

Mr. SCUDDER. The last quotations I had, in October, were as follows: Low, 24½; high, 29½.

Mr. UNTERMYER. In that month of December, when there were 1,100,000 shares sold, were there very violent fluctuations?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Up and down; first up?

Mr. SCUDDER. I do not know the daily fluctuations in that.

Mr. UNTERMYER. Have you the monthly fluctuations there?

Mr. SCUDDER. The monthly fluctuations: yes, sir.

Mr. UNTERMYER. Prior to that month in which there were 1,100,000 shares sold, what was the price?

Mr. SCUDDER. The low price was 38½, the high price 41½.

Mr. UNTERMYER. What time was that?

Mr. SCUDDER. That was in November, 1909.

Mr. UNTERMYER. In December, 1909, it went to 81, did it?

Mr. SCUDDER. Eighty-one; yes, sir.

Mr. UNTERMYER. From what?

Mr. SCUDDER. From 41½, high.

Mr. UNTERMYER. That is on that large volume of sales?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Was there any dividend paid?

Mr. SCUDDER. I do not know, sir.

Mr. UNTERMYER. Have you ever heard of any dividends being paid on Rock Island common?

Mr. SCUDDER. I do not recollect.

Mr. UNTERMYER. Please mark these papers.

The papers referred to, being a table, a diagram, and another table, were marked respectively Exhibit No. 97, December 11, 1912, Exhibit No. 98, December 11, 1912, and Exhibit No. 99, December 11, 1912, and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Now, the next; Colorado Fuel & Iron. What was the speculative period in Colorado Fuel & Iron—that is, the period of high speculation?

Mr. SCUDDER. It appears to have been in 1906, when about five and a half million shares were sold.

Mr. UNTERMYER. Five million five hundred and twenty-eight thousand nine hundred and fifty-three?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Now take January of that year. What was the total number of shares of capital listed?

Mr. SCUDDER. Three hundred and one thousand three hundred and twenty.

Mr. UNTERMYER. How many shares were dealt in in that month?

Mr. SCUDDER. One million one hundred and sixty thousand seven hundred and forty-five.

Mr. UNTERMYER. Nearly four times the capital was dealt in in that one month?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How many shares were transferred on the books during that month?

Mr. SCUDDER. Sixty-nine thousand and fifty.

Mr. UNTERMYER. About 5 per cent?

Mr. SCUDDER. I think so; yes, sir.

Mr. UNTERMYER. It is more than 5 per cent, is it not?

Mr. SCUDDER. A little over 5 per cent.

Mr. UNTERMYER. A little over 6 per cent?

Mr. SCUDDER. Six and a half per cent; yes, sir.

Mr. UNTERMYER. Taking the whole period from 1903 down to the present time, what was the ratio of the number of shares transferred to the number of shares sold?

Mr. SCUDDER. About 19½ per cent.

Mr. UNTERMYER. In comparison with 1906, when there was this great activity in Colorado Fuel & Iron, take this year and tell us what was the extent of the activity in 1912 up to December. You have not the figures for December. I believe, however. What were they for the 11 months? How many shares were sold?

Mr. SCUDDER. Three hundred and thirty-eight thousand four hundred and thirty shares were sold.

Mr. UNTERMYER. That is about 6 per cent of the number sold during that active year, is it?

Mr. SCUDDER. It is less than that, is it not? There were 5,500,000 sold in that active year. There were only 338,000 sold this year.

Mr. UNTERMYER. Is not that about 6 per cent?

Mr. SCUDDER. Well, about that; yes.

Mr. UNTERMYER. And the shares transferred this year were how many?

Mr. SCUDDER. The shares transferred this year were 128,390.

Mr. UNTERMYER. What were the highest transactions during 1906 in any one day in Colorado Fuel & Iron?

Mr. SCUDDER. In August, 1906.

Mr. UNTERMYER. What day in August?

Mr. SCUDDER. On August 20 there were 316,200 shares sold.

Mr. UNTERMYER. That was more than the capital, was it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. No; it was a little less than the present capital. It was more than the capital at that time, was it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. The capital was how much?

Mr. SCUDDER. Three hundred and one thousand three hundred and thirty at that time.

Mr. UNTERMYER. What were the fluctuations in the stock during that active time?

Mr. SCUDDER. In January, 1906, during the period of greatest activity, the high price was 83 $\frac{3}{8}$ .

Mr. UNTERMYER. What were the prices just before and just after?

Mr. SCUDDER. The month before that the high price was 58 $\frac{3}{4}$ . It went down from 83 $\frac{3}{8}$  to 78 $\frac{1}{4}$ , and then to 67 $\frac{3}{8}$  in the succeeding months.

Mr. UNTERMYER. What did the price get down to?

Mr. SCUDDER. The price got down in last October to as low as 34 $\frac{1}{2}$ . It sold as low as 34 $\frac{1}{2}$ .

Mr. UNTERMYER. Is that the last quotation you have?

Mr. SCUDDER. That is the last quotation I have.

Mr. UNTERMYER. Thirty-four and one-half?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Please mark these as exhibits.

The papers referred to, being two tables, were marked respectively Exhibit No. 100, December 11, 1912, and Exhibit No. 101, December 11, 1912, and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. How about the American Smelting & Refining Co.? What was the time of greatest activity in that stock, so far as appears from the tables you have prepared?

Mr. SCUDDER. It appears to have been in 1908, when there were 10,567,524 shares sold.

Mr. UNTERMYER. How many shares were there listed?

Mr. SCUDDER. There were 500,000 shares listed.

Mr. UNTERMYER. How many were sold in one month—January of 1908?

Mr. SCUDDER. In January, 1908, there were 1,368,421 shares sold.

Mr. UNTERMYER. That is a little over two and a half times the capital, is it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How many were transferred on the books at that time?

Mr. SCUDDER. 172,000.

Mr. UNTERMYER. Was there any month in that year—1908—when the shares sold on the exchange were not greater in number than the total amount of shares listed?

Mr. SCUDDER. Yes; there were several months.

Mr. UNTERMYER. Which were they?

Mr. SCUDDER. January, February—

Mr. UNTERMYER. No; no; I said when they were not greater.

Mr. SCUDDER. Oh; when they were not greater?

Mr. UNTERMYER. Yes.

Mr. SCUDDER. June was the only one.

Mr. UNTERMYER. With the exception of June, 1908, there were more shares sold each month than the entire capital listed?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Take February, 1908. What proportion did the shares transferred bear to the shares sold?

Mr. SCUDDER. They were, I think, about an eighth.

Mr. UNTERMYER. In what month of that year were there the greatest amount of sales?

Mr. SCUDDER. December.

Mr. UNTERMYER. No; is it not August?

Mr. SCUDDER. You are right—August.

Mr. UNTERMYER. What was the number of shares sold in August, 1908?

Mr. SCUDDER. 1,418,150.

Mr. UNTERMYER. What amount were transferred?

Mr. SCUDDER. 96,000.

Mr. UNTERMYER. That is what per cent—about 7 per cent?

Mr. SCUDDER. Yes; about 7 per cent.

Mr. UNTERMYER. What is the next highest month of sales in that year?

Mr. SCUDDER. That was December.

Mr. UNTERMYER. What was the amount sold there?

Mr. SCUDDER. 1,387,390.

Mr. UNTERMYER. What was the highest and lowest price of the stock during that year?

Mr. SCUDDER. The highest price was 99½ in September, and the lowest price was 55½ in February.

Mr. UNTERMYER. 1907 was a very active year in that stock, too, was it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What were the sales in that year?

Mr. SCUDDER. 8,899,102.

Mr. UNTERMYER. Against the same capital of 500,000 shares?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What were the transfers that year?

Mr. SCUDDER. 1,248,000.

Mr. UNTERMYER. Were there any months in that year when the capital was sold more than twice over in a single month? If so, how many?

Mr. SCUDDER. Yes, sir; there were three.

Mr. UNTERMYER. What months were they?

Mr. SCUDDER. March, April, and October.

Mr. UNTERMYER. Taking all the years together from 1906 to the present time, what was the proportion of shares transferred on the books to the shares sold?

Mr. SCUDDER. Eighteen and six-tenths per cent.

Mr. UNTERMYER. That is over the period of eight years, is it not?

Mr. SCUDDER. Seven years, sir.

Mr. UNTERMYER. What was the proportion, over that same period, of the shares sold to the shares that were listed?

Mr. SCUDDER. The shares that were listed were sold on an average of 12.18 times a year.

Mr. UNTERMYER. The capital was sold more than 12 times over, every year during that period of seven years?

Mr. SCUDDER. On an average; yes, sir.

Mr. UNTERMYER. Please mark those papers.

The papers referred to, being two tables, were marked respectively "Exhibit No. 102, December 11, 1912," and "Exhibit No. 103, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. The next statement here is as to the Consolidated Gas Co.

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What was the period of greatest activity in that stock during the years covered by your statement?

Mr. SCUDDER. It appears to have been in 1910.

Mr. UNTERMYER. The capital there was how much, and the shares listed were how much?

Mr. SCUDDER. At the beginning of that year it was 997,810. At the end it was 998,160.

Mr. UNTERMYER. And the sales for the whole year?

Mr. SCUDDER. They were 1,585,779.

Mr. UNTERMYER. That does not appear to have been an extreme case at all?

Mr. SCUDDER. No, sir; not compared with the others.

Mr. UNTERMYER. It looks fairly normal, does it not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Please mark those.

The papers referred to, being two tables, were marked respectively "Exhibit No. 104, December 11, 1912," and "Exhibit No. 105, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. What is the next one? Is it the American Can Co.?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What was the great period of activity in that stock?

Mr. SCUDDER. It appears to have been in 1912.

Mr. UNTERMYER. What was the total number of shares of common stock listed?

Mr. SCUDDER. Four hundred and twelve thousand three hundred and thirty-three.

Mr. UNTERMYER. What were the sales during the year 1912, up to December 1? I see you have not the figures for December. What were they for the 11 months of 1912?

Mr. SCUDDER. They were 3,427,635.

Mr. UNTERMYER. And the number of shares transferred on the books?

Mr. SCUDDER. Four hundred and eleven thousand three hundred and nineteen.

Mr. UNTERMYER. During the entire period, what was the ratio of shares transferred to the shares sold?

Mr. SCUDDER. During the entire period the shares transferred were about 25 per cent of the shares sold.

Mr. UNTERMYER. How did the price vary with the activity of the stock? At the beginning of the year 1912 the stock was selling at how much?

Mr. SCUDDER. At the beginning of the year 1912 the stock was selling between 11 and 13.

Mr. UNTERMYER. Between 11 and 12, was it not?

Mr. SCUDDER. Twelve and one-eighth. In March it went up as high as 23 $\frac{1}{4}$  and in April as high as 39 $\frac{1}{8}$ .

Mr. UNTERMYER. The last quotation that you have here is how much?

Mr. SCUDDER. Forty-seven and three-eighths.

Mr. UNTERMYER. That was in October?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Has it ever paid a dividend?

Mr. SCUDDER. Not to my knowledge.

Mr. UNTERMYER. Please mark these as exhibits.

The papers referred to, being a table, a diagram, and another table, were marked respectively "Exhibit No. 106, December 11, 1912"; "Exhibit No. 107, December 11, 1912"; and "Exhibit No. 108, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Is that all?

Mr. SCUDDER. That is all; yes, sir.

Mr. UNTERMYER. That is all, Mr. Scudder.

Witness excused.

#### TESTIMONY OF MR. PERLEY MORSE.

The witness was duly sworn by the chairman.

Mr. UNTERMYER. Where do you live?

Mr. MORSE. New York City.

Mr. UNTERMYER. What is your occupation?

Mr. MORSE. I am a certified public accountant.

Mr. UNTERMYER. How long have you been an accountant?

Mr. MORSE. Eighteen years.

Mr. UNTERMYER. What has been the special character of your work of late years?

Mr. MORSE. I have had a great many Wall Street investigations and mercantile investigations. In fact, I might say that the line of my work covers almost all sorts of industries.

Mr. UNTERMYER. Have you investigated the books of account of many of the stock-brokerage houses of New York?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. How many such investigations have you made?

Mr. MORSE. A great many. I do not remember the number.

Mr. UNTERMYER. As many as 100 brokerage houses?

Mr. MORSE. May be.

Mr. UNTERMYER. Did you have occasion to investigate the manipulations in Columbus & Hocking Coal & Iron stock?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. In what connection did you make that investigation?

Mr. MORSE. I made the investigation for the receiver in bankruptcy, Mr. Irving L. Ernst. He was receiver in bankruptcy for J. M. Fiske & Co.

Mr. UNTERMYER. In connection with that investigation did you also investigate the books of the various members of that pool—the Hocking pool, as it was known?

Mr. MORSE. No, sir.

Mr. UNTERMYER. Did you get statements from them?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. From how many brokerage houses did you get statements of their transactions in that stock, connected with that pool, during your investigation?

Mr. MORSE. Maybe 150 or 200.

Mr. UNTERMYER. One hundred and fifty or two hundred brokerage houses?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. In that investigation did you ascertain anything, and if so, what, with respect to the movement of the stock and the selling and buying orders in it?

Mr. MORSE. I observed a great many things in it, Mr. Untermyer. I should be glad if you would be a little more specific.

Mr. UNTERMYER. What we want to do is to have a witness describe a concrete instance of the method of manipulating a security on the stock exchange, as disclosed from the books of the brokers that were concerned in the pool engaged in such a manipulation. You investigated that subject, did you not?

Mr. MORSE. That was only an incident in the work. Our investigation was along the line of ascertaining who was selling short stock or unloading stock on the other brokers and on the public.

Mr. UNTERMYER. You mean who was unloading stock on the pool?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. And in the course of your investigations to ascertain who had been unloading stock on the pool you had to inquire did you not, and get data as to who was buying and selling stock in connection with the pool?

Mr. MORSE. Yes, sir; that is right.

Mr. UNTERMYER. What is a pool in a stock that is listed on the stock exchange?

Mr. MORSE. It is where several gentlemen or brokers—

Mr. UNTERMYER. "Gentlemen or brokers"? You do not mean that?

Mr. MORSE. No; I mean private individuals.

Mr. UNTERMYER. You mean where several brokers—

Mr. MORSE. Yes, sir; several brokers. Or I have known of pools where they are not brokers. People may band themselves together to buy or sell a certain stock in conjunction with one another.

Mr. UNTERMYER. I do not think any of us want to reflect upon any of these gentlemen.

Mr. MORSE. Not at all, sir.

Mr. UNTERMYER. And you did not mean to do so, of course?

Mr. MORSE. No, sir.

Mr. UNTERMYER. Now please go on and explain what is meant by a pool in a listed stock on the stock exchange.

Mr. MORSE. These gentlemen agree to buy or sell a certain number of shares, which they proceed to do.

Mr. UNTERMYER. There was a pool in Hocking Coal & Iron stock, was there not?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Who was the manager of the pool?

Mr. MORSE. James R. Keene.

Mr. UNTERMYER. What is meant by a pool manager?

Mr. MORSE. He is the gentleman who manipulates the stock; gives the buying and selling orders.

Mr. UNTERMYER. He is the man who distributes among the different brokerage houses orders—to some to buy and to others to sell; is that it?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Is that the way a stock is made active?

Mr. MORSE. Sometimes.

Mr. UNTERMYER. Is not that the way a pool generally make a stock active?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Just tell us a little more, from your knowledge of these accounts, as to just how that is done.

Mr. MORSE. The pool manager will give orders to sell and orders to buy, and the various brokers buy and sell the stock.

Mr. UNTERMYER. Does he give orders to certain brokers to buy and to others to sell at the same time?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. What is the purpose of that?

Mr. MORSE. Usually to make a market for the stock.

Mr. UNTERMYER. Suppose the pool manager wants to lift the price of the stock, how does he distribute orders to buy and sell then?

Mr. MORSE. He distributes more buying orders than he does selling orders.

Mr. UNTERMYER. And then at the conclusion of the day's business he expects to have lifted the stock to a higher range, does he?

Mr. MORSE. He might expect to, but sometimes he does not do it.

Mr. UNTERMYER. But that is the purpose of it, is it not?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. What is the idea about accumulating stock? Is it to avoid accumulating stock?

Mr. MORSE. I do not quite understand the question.

Mr. UNTERMYER. When a pool manager starts out to create a market in a stock on behalf of the pool members that he represents, what is his purpose? Is it to get rid of a certain amount of stock?

Mr. MORSE. Sometimes, sir.

Mr. UNTERMYER. And to get rid of it at a profit, I suppose?

Mr. MORSE. Naturally.

Mr. UNTERMYER. In the course of that transaction is there any uniformity of method by which it is done?

Mr. MORSE. Why, the pool manager will give out buying orders and selling orders at the same time; and if he wants to put the stock up he will give out more buying orders than he does selling orders.

If he wants to put the stock down he will give out more selling orders than he does buying orders.

Mr. UNTERMYER. Are those orders given on a scale, or are they given at a price, or at the market?

Mr. MORRIS. They give them at the market, and they give them on a scale and at a price.

Mr. UNTERMYER. They are given in different ways?

Mr. MORSE. Yes; they are given in different ways.

Mr. UNTERMYER. Are different pools at this time managed in different ways; on different principles?

Mr. MORSE. I presume they are; yes, sir.

Mr. UNTERMYER. Let us take this particular case. Is this the agreement constituting the pool? Is that a copy of it on the back of this paper [indicating Exhibit 109, of December 11, 1912]?

Mr. MORSE. That looks like the agreement.

Mr. UNTERMYER. And by what brokerage houses was that agreement signed?

Mr. MORSE. J. M. Fiske & Co.; Lathrop, Haskins & Co.; and I forget the rest of them.

Mr. UNTERMYER. Can you not give them to us from your data there? Orvis Bros. & Co.; was that one firm?

Mr. MORSE. I think so; yes, sir. There were two pools in this stock.

Mr. UNTERMYER. Yes.

Mr. MORSE. The first pool was composed of J. M. Fiske & Co.; Newberger, Henderson & Loeb; Orvis Bros.; Post & Flag; Jewett Bros.; Bay & Adams; Marco & Morrison; A. J. Elias & Co.; Lathrop, Haskins & Co.; Rollins & Co.

Mr. UNTERMYER. Do you mean Robbins & Co.?

Mr. MORSE. Rollins & Co.; James R. Keene.

Mr. UNTERMYER. Here is the pool agreement, which we will offer in evidence, and I want to call the attention of the committee to only these features of it. It is signed by the gentlemen named, who hereby agree as follows:

EXHIBIT No. 109, DECEMBER 11, 1912.

The undersigned, being desirous of purchasing at least 20,000 shares of the common stock of the Columbus & Hocking Coal & Iron Co., do hereby agree to purchase the same, or so much thereof as in the opinion of the hereinafter appointed managers may be deemed advisable, in the proportion set opposite the respective names of said subscribers, and we hereby appoint James R. Keene our agent and manager to make such purchases at such time or times before the 1st day of September, 1909, etc.

Further, we hereby authorize the said agent and manager to sell at his discretion the whole or any part of the certificates and again buy, so buying and selling at his discretion.

It is further agreed that any profits or losses incurred through the purchase and sale of said certificates shall be divided in proportion to the amount subscribed for by each one signing this agreement. No one signing this agreement shall have the right to call for a statement of accounts growing out of transactions herein authorized except on the request in writing of 60 per cent in amount of certificates subscribed.

Did Mr. Keene have an interest himself in this pool?

Mr. MORSE. Yes.

Mr. UNTERMYER. To what extent?

Mr. MORSE. I do not remember.

Mr. UNTERMYER. At the time the pool was formed what was Hocking selling at?

Mr. MORSE. Somewhere around 20, I think.

Mr. UNTERMYER. And when was that—what date? It was March, 1909, was it not?

Mr. MORSE. I think so; yes, sir.

The document last referred to by Mr. Untermeyer was marked "Exhibit No. 109, December 11, 1912."

Mr. UNTERMYER. Refer to your papers. Have you not got there the date when the first pool was formed?

Mr. MORSE. March, 1909. That is right.

Mr. UNTERMYER. March, 1909?

Mr. MORSE. Yes.

Mr. UNTERMYER. How did this Mr. Keene go to work to conduct this pool? Did he give out his buying and selling orders to any particular brokerage house?

Mr. MORSE. I presume that he did.

Mr. UNTERMYER. What did your examination show?

Mr. MORSE. There were several brokers concerned in the various transactions.

Mr. UNTERMYER. Popper & Sternbach bought and sold how much of this stock after the pool was formed?

Mr. MORSE. They bought and sold a great many shares.

Mr. UNTERMYER. Have you got the amount figured up there?

Mr. MORSE. During the operation of the pool Popper & Sternbach bought 124,800 shares.

Mr. UNTERMYER. And sold how many?

Mr. MORSE. They sold practically the same amount, less 7,650 shares.

Mr. UNTERMYER. Those they sold short, did they?

Mr. MORSE. Mr. Popper claimed that he did.

Mr. UNTERMYER. He claimed that he sold them on his own account, did he not?

Mr. MORSE. I heard him so testify.

Mr. UNTERMYER. And that he took Mr. Keene's shares and delivered them on that?

Mr. MORSE. I heard him testify to that effect.

Mr. UNTERMYER. Yes. What was the range of prices at which the Popper & Sternbach purchases were made?

Mr. MORSE. From \$20 a share up to above \$90 a share.

Mr. UNTERMYER. Did the Popper & Sternbach account close at the time of the collapse of the pool?

Mr. MORSE. I have no means of knowing that.

Mr. UNTERMYER. So far as you have seen the account?

Mr. STERNBACH. The statements I had before me were given to me by Popper & Sternbach. Their account at that time showed long stock of 7,650 shares, and a credit balance of \$29,671.50.

Mr. UNTERMYER. What do you mean by long stock?

Mr. MORSE. The account was long that amount of shares. In other words, Popper & Sternbach were holding that amount of shares for Mr. Keene.

Mr. UNTERMYER. You mean of the one hundred and odd thousand shares that they had bought from time to time, against which they had sold, they had that number of shares over?

Mr. MORSE. On hand.

Mr. UNTERMYER. And then they proceeded to sell those at the time of the collapse, just before the collapse of the pool, did they not?

Mr. MORSE. Mr. Popper so testified before—

Mr. UNTERMYER. The pool did collapse, did it not?

Mr. MORSE. Yes.

Mr. UNTERMYER. And it resulted in the failure of some of those stock exchange houses?

Mr. MORSE. Yes.

Mr. UNTERMYER. Which houses failed?

Mr. MORSE. J. M. Fiske & Co.; Robers, Hall & Crisp; Lathrop, Haskins & Co.

Mr. UNTERMYER. What brought about the collapse of the pool, if you know? Was it the sale of those shares?

Mr. MORSE. It was so claimed at the time.

Mr. UNTERMYER. What happened to the stock when the pool collapsed?

Mr. MORSE. On the suspension of J. M. Fiske & Co. the stock fell from in the eighties to 20.

Mr. UNTERMYER. Was that in the course of a single day?

Mr. MORSE. I think it was.

Mr. UNTERMYER. What day was that?

Mr. MORSE. On January 17, 1910, I think it was.

Mr. UNTERMYER. And from 20, where did it go within a few days?

Mr. MORSE. The last quotation I saw was at \$2 a share. It has now disappeared entirely from the tape.

Mr. UNTERMYER. What was the outstanding capital of the company?

Mr. MORSE. I think it was about seven millions.

Mr. UNTERMYER. That is, 70,000 shares?

Mr. MORSE. Yes.

Mr. UNTERMYER. Do you know how many times over the capital stock was bought and sold during that pool operation?

Mr. MORSE. No, sir.

Mr. UNTERMYER. Were there brokers other than Popper & Sternbach to whom orders were distributed to buy and sell?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Will you look at your statements there and see whether you found any wash transactions?

Mr. MORSE. It is impossible to pick those out, Mr. Untermyer, from these statements. As I stated before, this work was done with the end in view of finding out who was selling the stock short, and not with the end in view of finding out what is known as wash transactions.

Mr. UNTERMYER. Do not your accounts show repeated transactions by various brokerage houses of identical purchases and sales on the same day of the same amount?

Mr. MORSE. There are things of that kind scattered through various papers, but to bring those all out and tabulate them would be probably two or three weeks' work.

Mr. UNTERMYER. Will you not do that for the committee, so as to exhibit these various wash transactions?

Mr. MORSE. And then again, to do that I would have to have all of these brokerage statements.

Mr. UNTERMYER. Have you not those?

Mr. MORSE. I have not got those. I returned them.

Mr. UNTERMYER. You had them, had you not?

Mr. MORSE. I did have them; yes, sir.

Mr. UNTERMYER. Yes.

Mr. MORSE. And I returned them to the attorney for the receiver.

Mr. UNTERMYER. But you have copies of them, have you not?

Mr. MORSE. I have not; no, sir.

Mr. UNTERMYER. There was a time, was there not, when you dug out all these data?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. And what we would like to have you do is to tell us the result of your labors, and what you found in respect to these accounts and the dealings in that stock.

Mr. MORSE. I can say generally as to these wash transactions, as you call them, that in a great many instances the order went through several brokers before it finally reached its source; but as to the specific names of those brokers I could not tell you at the present time.

Mr. UNTERMYER. All of that can be dug out from the records and the statements, can it not?

Mr. MORSE. It could, with these statements that I received from the brokers themselves.

Mr. UNTERMYER. You know that under the New York Stock Exchange rules the governing committee or any committee appointed by it has the right to examine every broker's books and statements, has it not?

Mr. MORSE. I believe it is so stated.

Mr. UNTERMYER. And you know that they have exercised that right sometimes, do you not?

Mr. MORSE. Yes.

Mr. UNTERMYER. From your investigation of these accounts do you know whether it would have been practicable for the stock exchange to have investigated these accounts and ascertained the washing that was done in the process of this pool manipulation?

Mr. MORSE. It seems to me that they would have had to investigate more than one broker. They would have had to investigate them all to find out anything like that.

Mr. UNTERMYER. They could have investigated those where the washing was done, could they not?

Mr. MORSE. I presume they could, if they wanted to.

Mr. UNTERMYER. Do you act as accountant for the New York Stock Exchange at times?

Mr. MORSE. I have done some work for them.

Mr. UNTERMYER. And you know that that would be a perfectly feasible thing, do you not?

Mr. MORSE. It probably would if they knew who was doing it.

Mr. UNTERMYER. By getting a statement from the brokers you knew who was doing it, did you not?

Mr. MORSE. I did, after matching the statements together.

Mr. UNTERMYER. Certainly. After your investigation and after comparing the statements you knew who was doing the manipulation and the washing, did you not?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Now, it would have been possible for any other accountant, properly informed, to have dug out the facts that you did, would it not?

Mr. MORSE. Yes, sir; it would.

Mr. UNTERMYER. Do you know whether the stock exchange made any efforts in that direction?

Mr. MORSE. I do not know, sir.

Mr. UNTERMYER. I read the following from Article XI of the constitution of the stock exchange, subdivision 9, referring to the law committee:

Ninth. A law committee to consist of five members, to which shall be referred all questions of law affecting the interests of the exchange.

It shall act in an advisory capacity to the president when requested, shall represent the exchange in conferences with other interests, and is authorized and empowered, whenever the committee shall deem it to be for the interest of the exchange, to examine into the dealings of any members of the exchange.

You are familiar with that rule, are you not?

Mr. MORSE. I have read it, sir.

Mr. UNTERMYER. Are you familiar with any other rule there bearing on the examination of the books?

Mr. MORSE. I can not state that I am at present.

Mr. UNTERMYER. You spent some months investigating this whole situation, did you not?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Was there a claim made that some of the pool members had sold out on other members of the pool?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. In what way? Do you mean that they had sold stock short whilst being in the pool?

Mr. MORSE. Either sold the stock short or sold long stock.

Mr. UNTERMYER. You mean sold stock that they owned?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. They were under a commitment not to sell stock during the pool time, were they?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. That was in order to enable the manager to handle the outstanding stock?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. In the course of that investigation you say you spent some months?

Mr. MORSE. Yes.

Mr. UNTERMYER. And you have reports covering some hundreds of pages, have you not?

Mr. MORSE. Yes.

Mr. UNTERMYER. There was a lawsuit pending, was there not?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Was it by members of the pool against Keene or by the receiver?

Mr. MORSE. By the trustees of these failed concerns against James R. Keene.

Mr. UNTERMYER. After this investigation that suit was settled, was it not?

Mr. MORSE. I understand so.

**Mr. UNTERMYER.** Are you familiar also with the following provision of Article XVII of the constitution of the New York Stock Exchange?—

**SEC. 7.** The governing committee may, by a two-thirds vote of its members present, require that a member of the exchange shall submit to the governing committee, or any standing or special committee, for examination such portion of his books or papers as are material and relevant to any matter under investigation by said committee or by any standing or special committee. Any member who shall refuse or neglect to comply with such requirement, or who shall willfully destroy any such required evidence, or who, being duly summoned, shall refuse or neglect to appear before the governing committee or any standing or special committee as a witness, or refuse to testify before any such committee, may be adjudged guilty of an act detrimental to the interest or welfare of the exchange.

**Mr. MORSE.** I have read that.

**Mr. UNTERMYER.** Did you ascertain, in the course of your investigation, why certain of these buying and selling orders were passed through five or six brokerage houses?

**Mr. MORSE.** Of my own knowledge I do not know why it was done.

**Mr. UNTERMYER.** What purpose would it serve, as you gathered from an examination of the accounts?

**Mr. MORSE.** It would tend to show the public that there was real buying and selling in these shares.

**Mr. UNTERMYER.** That is, it would accumulate an apparent activity, or show an apparent activity, and a large number of dealings?

**Mr. MORSE.** Yes, sir.

**Mr. UNTERMYER.** When, in fact, they were duplicated four or five or six times over?

**Mr. MORSE.** Yes, sir.

**Mr. UNTERMYER.** Is that the purpose?

**Mr. MORSE.** Yes, sir.

**Mr. UNTERMYER.** And on all those transactions would the pool managers pay commissions?

**Mr. MORSE.** The regular commissions were charged up on the accounts.

**Mr. UNTERMYER.** That is, on each of those transactions?

**Mr. MORSE.** Yes, sir.

**Mr. UNTERMYER.** Is there any way of determining from the accounts which you have examined how much of this stock was sold to the public during that performance?

**Mr. MORSE.** No, sir.

**Mr. UNTERMYER.** During the operation of the pool, I mean.

**Mr. MORSE.** No, sir.

**Mr. UNTERMYER.** The pool, in all, dealt in how many shares?

**Mr. MORSE.** It was a great number of shares; I can not state with any degree of certainty how many.

**Mr. UNTERMYER.** Would not your reports show?

**Mr. MORSE.** Yes; they would show.

**Mr. UNTERMYER.** And could you not tell by adding together the number of shares purchased by the pool and the number of shares sold by the pool from time to time how many shares were landed on the public during the operation?

**Mr. MORSE.** I could not tell how many shares were landed on the public. I could tell how many shares were dealt in.

Mr. UNTERMYER. Could you not tell how many shares were dealt in which the pool manager was not required to take when they were offered on the exchange that went into other hands?

Mr. MORSE. I doubt if you could figure that out.

Mr. UNTERMYER. Have you not figured it out?

Mr. MORSE. No, sir. The only object of this work, as I stated before, was to find out who was selling the stock.

Mr. UNTERMYER. Was there any written agreement on the part of the members of this pool to keep their stock off the market?

Mr. MORSE. It was claimed that there was; in fact, I think the agreement you have read covers it. If it is not that agreement, it is some agreement that they had.

Mr. UNTERMYER. That is one of the incidents of a pool of that kind, is it not, that the pool members can not buy or sell whilst the pool operations are going on?

Mr. MORSE. That is right; except as ordered by the pool manager.

Mr. UNTERMYER. Except upon orders from the pool manager?

Mr. MORSE. Yes, sir.

Mr. UNTERMYER. Will you prepare for the committee, Mr. Morse, a statement of these dealings that will show the number of shares that were dealt in by the pool managers—that is, the number of selling orders and buying orders that he gave out and by whom executed and how many shares were acquired by the pool? The committee would like to have that sort of evidence of a concrete case of manipulation, simply by way of illustration of the methods.

Mr. MORSE. By the addition of all these pages that would probably be given.

Mr. UNTERMYER. Will you supply that?

Mr. MORSE. I can later on, sir.

Witness excused.

### TESTIMONY OF MR. TOBIAS WOLFSON.

The witness was duly sworn by the chairman.

Mr. UNTERMYER. Will you be good enough to state your residence and occupation, Mr. Wolfson?

Mr. WOLFSON. New York City. I am assistant manager for the United Metals Selling Co.

Mr. UNTERMYER. How long have you been connected with the United Metals Selling Co.?

Mr. WOLFSON. Since its organization.

Mr. UNTERMYER. When was that?

Mr. WOLFSON. In 1900.

Mr. UNTERMYER. What is the business of that company?

Mr. WOLFSON. Just what its name indicates—selling metals.

Mr. UNTERMYER. It does not always follow that the business of a corporation is that indicated by its name, does it?

Mr. WOLFSON. I do not know. It does in this instance.

Mr. UNTERMYER. What is the capital of the company?

Mr. WOLFSON. I believe it is \$5,000,000.

Mr. UNTERMYER. Do you not know what it is?

Mr. WOLFSON. Yes; it is \$5,000,000.

Mr. UNTERMYER. Who organized the company?

Mr. WOLFSON. This testimony on that point, Mr. Untermeyer, I can not give you of my own knowledge.

Mr. UNTERMYER. Were you not with the company at that time?

Mr. WOLFSON. I was.

Mr. UNTERMYER. Is it not a fact that the main spirits of the organization were Henry H. Rogers and William Rockefeller?

Mr. WOLFSON. I do not know it of my own knowledge.

Mr. UNTERMYER. Were you not in their employ as assistant manager?

Mr. WOLFSON. I was at that time in the employ of the corporation of Lewisohn Bros.

Mr. UNTERMYER. The corporation of Lewisohn Bros. was engaged in selling copper, principally?

Mr. WOLFSON. All kinds of metals, principally copper.

Mr. UNTERMYER. Did that corporation have contracts with various copper producing companies?

Mr. WOLFSON. It did.

Mr. UNTERMYER. For the sale of their copper metal?

Mr. WOLFSON. On commission; yes, sir.

Mr. UNTERMYER. And among those companies were the Amalgamated and the Anaconda—

Mr. WOLFSON (interposing). No, sir.

Mr. UNTERMYER. It did not have contracts for the Anaconda?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. Upon the organization of the United Metals Selling Co., did it acquire contracts for handling the Anaconda product?

Mr. WOLFSON. It did shortly after.

Mr. UNTERMYER. And for a number of other companies, did it not?

Mr. WOLFSON. Yes; I suppose so.

Mr. UNTERMYER. It succeeded to the business of Lewisohn Bros.?

Mr. WOLFSON. It did.

Mr. UNTERMYER. And Messrs. Rockefeller and Rogers went into the board?

Mr. WOLFSON. They were on the board of directors.

Mr. UNTERMYER. They went into the board when the United Metals Selling Co. was organized, did they not?

Mr. WOLFSON. I believe so.

Mr. UNTERMYER. Do you not know?

Mr. WOLFSON. I know that they were directors, because I saw them there, but I never attended a board meeting.

Mr. UNTERMYER. You were assistant manager, were you not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Who was the manager?

Mr. WOLFSON. Erben H. Broughton.

Mr. UNTERMYER. Did Mr. Broughton become manager upon the organization of the United Metals Selling Co.?

Mr. WOLFSON. Not immediately.

Mr. UNTERMYER. How soon thereafter?

Mr. WOLFSON. Probably a year or two afterwards.

Mr. UNTERMYER. In what way was he related to Mr. Rogers?

Mr. WOLFSON. He was his son-in-law.

Mr. UNTERMYER. And he became the active manager of the company, did he?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Whom did he succeed?

Mr. WOLFSON. He did not succeed anybody.

Mr. UNTERMYER. Who had been the manager?

Mr. WOLFSON. Mr. Jesse Lewisohn.

Mr. UNTERMYER. Do you know what relations Messrs. Rogers and Rockefeller held with the Amalgamated and Anaconda Copper Cos. at the time the United Metals Selling Co. was formed?

Mr. WOLFSON. What relations they held?

Mr. UNTERMYER. Yes.

Mr. WOLFSON. Only by hearsay; that they were interested—

Mr. UNTERMYER. You did not know that they were directors and in control of the board?

Mr. WOLFSON. I did not.

Mr. UNTERMYER. You did not know anything as to that?

Mr. WOLFSON. Not outside of what was common knowledge.

Mr. UNTERMYER. Well, that was common knowledge, was it not?

Mr. WOLFSON. I believe so.

Mr. UNTERMYER. And up to the time that Messrs. Rogers and Rockefeller came into the United Metals Selling Co. it had nothing to do with the handling of the product of the companies that were controlled by the Amalgamated Copper Co., did it?

Mr. WOLFSON. The Anaconda Co.? They did not have, as I said before—

Mr. UNTERMYER. Well, the Amalgamated Copper Co. was a holding company, was it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And it controlled what producing companies?

Mr. WOLFSON. I believe in the beginning they controlled the Anaconda principally and a few smaller ones, like the Washoe.

Mr. UNTERMYER. At the time of the organization of the United Metals Selling Co. they controlled the Boston & Montana Mining Co., did they not, and the Butte & Boston, and the Parrot?

Mr. WOLFSON. I do not know just when they got into control of the Boston & Montana. Finally they did control it.

Mr. UNTERMYER. They controlled the output and the stocks of those companies, did they not?

Mr. WOLFSON. I believe so.

Mr. UNTERMYER. When was the United Metals Selling Co. organized?

Mr. WOLFSON. In 1900; the 1st of January.

Mr. UNTERMYER. Either at or shortly after that time did not the amalgamated company come into the control of the Boston & Montana, the Butte & Boston, the Parrot, and some other mining properties?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And those were large producers, especially the Boston & Montana?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And was not the Anaconda the largest producer in America?

Mr. WOLFSON. I believe so.

Mr. UNTERMYER. What was the output or production of the copper-producing companies controlled by the Amalgamated after it

acquired the Boston & Montana, the Butte & Boston, and the Parrot?

Mr. WOLFSON. That is rather a hard question for me to answer definitely. To the best of my recollection, it was about between 50 and 60 per cent.

Mr. UNTERMYER. You mean between 50 and 60 per cent of the production of the country?

Mr. WOLFSON. Of the United States. I believe so. I am not sure.

Mr. UNTERMYER. In pounds, what was its production?

Mr. WOLFSON. What is its production now?

Mr. UNTERMYER. Yes.

Mr. WOLFSON. Which companies?

Mr. UNTERMYER. All the companies that are controlled by the Amalgamated.

Mr. WOLFSON. All the companies that are now controlled by the Amalgamated? I should say about 300,000,000 a year.

Mr. UNTERMYER. Three hundred million pounds a year?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Was that about its production in 1901?

Mr. WOLFSON. Far less.

Mr. UNTERMYER. It was less?

Mr. WOLFSON. Far less.

Mr. UNTERMYER. Do you remember about what it was?

Mr. WOLFSON. I do not think it was more than half.

Mr. UNTERMYER. The copper production of the entire country has increased very largely in the past 10 years, has it not?

Mr. WOLFSON. I shall have to consult my memorandum book to give you the exact figures. The production of the United States in 1901 was about 265,000 tons per day. In 1911 it was 493,000 tons.

Mr. UNTERMYER. That is an increase of about 40 per cent?

Mr. WOLFSON. More than 100 per cent, is it not? No; it is an increase of about 90 per cent. It has nearly doubled.

Mr. UNTERMYER. It is sufficient for our purpose to know that in 1901, with the addition of these other properties, the Amalgamated and its allied companies had about 60 per cent of the copper production.

Mr. WOLFSON. I am not sure whether it was 50 or 60. I can not go so far back.

Mr. UNTERMYER. That is sufficient.

Mr. WOLFSON. I did not brush up on that. I would not be sure whether that is right.

Mr. UNTERMYER. That is your present recollection, subject to correction.

Mr. WOLFSON. Exactly.

Mr. UNTERMYER. I asked you to bring those statistics of production, did I not?

Mr. WOLFSON. No; you did not.

Mr. UNTERMYER. Did I not? I thought I did.

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. When the United Metals Selling Co. was formed, and Messrs. Rogers and Rockefeller went in and took control, did they turn over to that company the handling of the product of the Amalgamated and its constituent companies?

Mr. WOLFSON. They did.

Mr. UNTERMYER. By a written contract?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. Lewishohn Brothers also had the handling of a considerable copper product, had they not?

Mr. WOLFSON. If you leave out the Boston & Montana, they had very little left.

Mr. UNTERMYER. How much did the United Metals Selling Co. have control of through contracts, after the Amalgamated product was turned over to it?

Mr. WOLFSON. That question you asked me. I said, to the best of my recollection—

Mr. UNTERMYER (interposing). That was 60 per cent.

Mr. WOLFSON. Between 50 and 60 per cent.

Mr. UNTERMYER. That covered all products?

Mr. WOLFSON. Yes; I believe it covered everything that was controlled in our companies.

Mr. UNTERMYER. They afterwards required the handling of other products?

Mr. WOLFSON. They lost some and acquired others.

Mr. UNTERMYER. Have you any statistics showing from time to time the proportion of the production of the United States that was controlled by the United Metals Selling Co.?

Mr. WOLFSON. From time to time?

Mr. UNTERMYER. Yes.

Mr. WOLFSON. I have not got it here with me.

Mr. UNTERMYER. The statistics of copper production are printed, are they not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And the amount that is handled by the United Metals Selling Co. is a matter of record on your books, is it not?

Mr. WOLFSON. It is; yes, sir.

Mr. UNTERMYER. Did not the United Metals Selling Co. acquire the control of upward of 80 per cent at one time of the copper product of the United States?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. You are sure about that, are you?

Mr. WOLFSON. Absolutely sure. It was never as much as that.

Mr. UNTERMYER. It was never as much as that?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. What did it reach?

Mr. WOLFSON. I do not know. When I said 50 or 60 per cent I had that in mind—everything that was sold through our company.

Mr. UNTERMYER. What have been the total sales in a year?

Mr. WOLFSON. About 500,000,000 pounds.

Mr. UNTERMYER. How many tons is that?

Mr. WOLFSON. Short tons, 250,000 tons.

Mr. UNTERMYER. What year was that?

Mr. WOLFSON. It usually followed a year of depression—probably 1908. I do not know. I can refer to it.

Mr. UNTERMYER. I wish you would give us those statistics.

Mr. WOLFSON. You only asked me for certain periods.

Mr. UNTERMYER. You have a tabulation of the sales of the company, have you not? I think "B" would contain it, would it not?

Mr. WOLFSON. You only asked for a part of 1906 and the whole of 1907, and a portion of 1908.

Mr. UNTERMYER. What were the sales of copper during 1907? What were the sales for that entire year?

Mr. WOLFSON. I have got it divided up into different classes of copper. It is about three hundred millions.

Mr. UNTERMYER. Just see if you can not add it up. In what year were you selling 500,000,000 pounds?

Mr. WOLFSON. I know that there was a time when we sold that much. Which year it is I do not remember. It was in 1908, probably, following the dull year of 1907.

Mr. UNTERMYER. How many tons did you say that was?

Mr. WOLFSON. About 250,000 tons.

Mr. UNTERMYER. The total copper product of the United States in long tons in 1907 was 386,653. was it not?

Mr. WOLFSON. In 1907?

Mr. UNTERMYER. Yes. This is from Stephens's work. That is standard, is it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. That would be about 70 per cent of the production, would it not; 70 per cent of 500,000,000 pounds?

Mr. WOLFSON. But, Mr. Untermeyer, you can not go by the sales, because there may have been copper left over from one year into another. As I just explained, 1907 was a dull year. Consequently there was stock on hand which was sold in 1908.

Mr. UNTERMYER. You can not give us any better statement than you have?

Mr. WOLFSON. No.

Mr. UNTERMYER. You can not give us any better statement than you have already given us as to the proportion of the copper production of the United States sold by your company?

Mr. WOLFSON. I have not got the data with me.

Mr. UNTERMYER. Do you now control a larger proportion?

Mr. WOLFSON. No. Very much smaller. Probably it is about 30 per cent.

Mr. UNTERMYER. You mean there are some new mines that have come in; some low-grade mines, large producers?

Mr. WOLFSON. Yes, sir; and some copper which we had control of then we have not now. So that our control now, I should think, is probably about half what it was then; and the other half, as you probably know, is with the American Smelting Co.

Mr. UNTERMYER. The Guggenheims have increased their output?

Mr. WOLFSON. Yes, sir. They control practically as much as we do.

Mr. UNTERMYER. But during the period of which I am speaking, in 1907, you can give me no better figures than those you have already stated as to the proportion of control exercised by your company?

Mr. WOLFSON. No; but I have them in the office and can readily give them to you.

Mr. UNTERMYER. Very well.

You have a very lively recollection, have you not, of the events of 1907 in the copper trade?

Mr. WOLFSON. I have a pretty good recollection of them; yes, sir.

Mr. UNTERMYER. It was a very exciting time, was it not?

Mr. WOLFSON. Especially 1907.

Mr. UNTERMYER. 1906 was very exciting in the stock market, was it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Do you know anything about the holdings or operations of Messrs. Rogers and Rockefeller in the stock market in Amalgamated copper in 1906?

Mr. WOLFSON. Absolutely nothing.

Mr. UNTERMYER. It appears from these records that 1906 was the banner year of operations in the stock market in Amalgamated Copper, and that during that year there were over 30,000,000 shares of copper stock dealt in?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. That was during a time when Messrs. Rogers and Rockefeller were in control of the Amalgamated, was it not—were directors and had their own directors and had turned over the contracts to the United Metals Selling Co. for handling the product?

Mr. WOLFSON. I do not know individuals; I only know the company. I do not know who was in control, except what is common rumor.

Mr. UNTERMYER. You knew that there were tremendous fluctuations in Amalgamated Copper Co. stocks during that time?

Mr. WOLFSON. I did; yes.

Mr. UNTERMYER. Do you recall whether between December, 1906, and December, 1907, Amalgamated stock in the market dropped from 115½ to 52¼?

Mr. WOLFSON. I know there was a violent drop, but I do not remember the exact figures.

Mr. UNTERMYER. Your average sales of copper per month during the year 1906 were how much, averaging the year 1906?

Mr. WOLFSON. Our average sales?

Mr. UNTERMYER. Yes.

Mr. WOLFSON. Between 30,000,000 and 40,000,000 pounds a month.

Mr. UNTERMYER. Were they not more than that?

Mr. WOLFSON. No; I do not think so.

Mr. UNTERMYER. You have been asked to produce, have you not, a statement of the sales of copper made by your company between May, 1906, and May, 1908?

Mr. WOLFSON. I have that.

Mr. UNTERMYER. Will you please produce it?

Mr. WOLFSON. Here it is.

The statement referred to was marked "Exhibit No. 110, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Is that sales for yourselves or sales for your customers?

Mr. WOLFSON. Total sales.

Mr. UNTERMYER. And that is given month by month, is it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. You separated the electrolytic from the pig copper?

Mr. WOLFSON. And from the lake.

Mr. UNTERMYER. From the lake and the arsenical?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. Have you not added together anywhere the total sales of all kinds of copper for each month?

Mr. WOLFSON. They are not added on that list; but that is approximately correct—between 30,000,000 and 40,000,000.

Mr. UNTERMYER. What is that?

Mr. WOLFSON. Our sales averaged between 30,000,000 and 40,000,000 pounds a month.

Mr. UNTERMYER. Between 30,000,000 and 40,000,000 pounds a month?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. During that period?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. What do you mean by this statement here, that in April, 1907, you sold 4,144,410 pounds of pig copper?

Mr. WOLFSON. Pig copper?

Mr. UNTERMYER. Yes.

Mr. WOLFSON (after examining statement). I do not understand the question. What do I mean by it?

Mr. UNTERMYER. What is pig copper?

Mr. WOLFSON. Pig copper is the product of one of our clients, who sells it, or who instructs us to sell it, as pig copper. It is not refined.

Mr. UNTERMYER. Which client is that?

Mr. WOLFSON. At that time we had two clients, the Arizona Copper Co. and the Tennessee Copper Co., who sold their products in that form.

Mr. UNTERMYER. That is, they sold it to refiners?

Mr. WOLFSON. They sold it to people who would refine it.

Mr. UNTERMYER. Did they sell it to you?

Mr. WOLFSON. No.

Mr. UNTERMYER. Your company has a refinery?

Mr. WOLFSON. No; but we never bought any copper from our clients.

Mr. UNTERMYER. You had a refinery of your own in New Jersey?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. At Bayonne?

Mr. WOLFSON. At Perth Amboy.

Mr. UNTERMYER. But that is not copper sold to yourselves?

Mr. WOLFSON. We never bought any copper from our clients.

Mr. UNTERMYER. Do these represent sales made during that particular month?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. Between the 1st of April and the 1st of July, 1907, what were your total sales of copper?

Mr. WOLFSON. Between the 1st of April and the 1st of July?

Mr. UNTERMYER. Yes; April, May, and June—those three months.

Mr. WOLFSON. Do you want me to include everything—the pig copper as well as the other?

Mr. UNTERMYER. Well, if you will separate them, do that.

Mr. WOLFSON. Very well.

Mr. UNTERMYER. I suppose you take under the first just the electrolytic copper, which is merchantable copper, is it not?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. Is there any other merchantable copper there except the electrolytic?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. The pig copper is not merchantable for use in consumption?

Mr. WOLFSON. It has to be treated.

Mr. UNTERMYER. It is not merchantable for use in consumption, is it?

Mr. WOLFSON. Well——

Mr. UNTERMYER. It takes how many months before it can be brought out?

Mr. WOLFSON. This pig copper can be put out in a few days—in a day. You can put it in the furnace, and the next day it is copper.

Mr. UNTERMYER. That is not the way it is done?

Mr. WOLFSON. Yes; that is, this class of copper.

Mr. UNTERMYER. But it takes, as a rule, how long after copper is sent to the refinery before it is fit for use?

Mr. WOLFSON. This grade of copper it takes only one day.

Mr. UNTERMYER. Just include that, then.

Mr. WOLFSON. Do you want it separated?

Mr. UNTERMYER. Yes; please separate it.

Mr. WOLFSON. The electrolytic is 935,000 pounds.

Mr. UNTERMYER. Against how much sold the previous month, alone?

Mr. WOLFSON. 11,362,000 pounds.

Mr. UNTERMYER. That is 935,000 pounds during those three months of April, May, and June against 11,000,000 pounds for the month of March?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And against how many pounds for the month of February?

Mr. WOLFSON. 21,828,000 pounds.

Mr. UNTERMYER. And against how many million pounds for the month of January?

Mr. WOLFSON. 7,464,000 pounds.

Mr. UNTERMYER. That is at the rate of about 311,000 pounds per month for those three months?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. How much of that was for the month of April, 1907?

Mr. WOLFSON. 70,000 pounds.

Mr. UNTERMYER. Against 11,000,000 pounds for the preceding month?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. How much of that was for May?

Mr. WOLFSON. 409,644 pounds.

Mr. UNTERMYER. And for June?

Mr. WOLFSON. 454,909 pounds.

Mr. UNTERMYER. Copper was selling at what price then?

Mr. WOLFSON. Around 25 cents a pound.

Mr. UNTERMYER. And on what date does your statement begin?

Mr. WOLFSON. The statement begins in May, 1906.

Mr. UNTERMYER. And what was the price of copper then?

Mr. WOLFSON. The average price of copper for that month was 18.628 cents.

Mr. UNTERMYER. And prior to that it had been cheaper, had it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. It had been about 12 to 13 cents a pound, had it not?

Mr. WOLFSON. In years prior to that?

Mr. UNTERMYER. No; in 1905.

Mr. WOLFSON. In 1905?

Mr. UNTERMYER. Yes.

Mr. WOLFSON. I have no definite recollection of that.

Mr. UNTERMYER. I am wrong about that. It was 15.89 cents.

Mr. WOLFSON. It had a steady rise.

Mr. UNTERMYER. It was between 15 and 16 cents in 1905, was it not?

Mr. WOLFSON. Yes; probably.

Mr. UNTERMYER. You say that your average sales of copper were about 30,000,000 to 40,000,000 pounds a month?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And that in June you sold 455,909 pounds?

Mr. WOLFSON. Of electrolytic.

Mr. UNTERMYER. Of electrolytic?

Mr. WOLFSON. When I said 30,000,000 to 40,000,000 pounds, that was the total of all.

Mr. UNTERMYER. In October, 1907, you sold 93,276,829 pounds, did you not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And in November you sold 46,844,440 pounds?

Mr. WOLFSON. That statement you have is correct.

Mr. UNTERMYER. There was a break in the price of copper, was there not?

Mr. WOLFSON. Yes; there was.

Mr. UNTERMYER. That break occurred when you began to let go your copper, did it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Your company had been accumulating copper, had it not?

Mr. WOLFSON. During the periods when—

Mr. UNTERMYER. When you kept the price up?

Mr. WOLFSON. When the price was kept up.

Mr. UNTERMYER. It was kept up by accumulating the copper?

Mr. WOLFSON. Copper accumulated; yes, sir.

Mr. UNTERMYER. Meantime, were you advancing your company's money on it?

Mr. WOLFSON. Yes; according to contract.

Mr. UNTERMYER. And you have got the figures here, have you not, showing the advances made?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. How much copper were you carrying on advances to customers on the 1st of September, 1907?

Mr. WOLFSON. There is copper, silver, and gold here.

Mr. UNTERMYER. I want copper now. You were not trying to create a corner in gold?

Mr. WOLFSON. We were advancing money. You asked about advances.

Mr. UNTERMYER. I want to know about the advances on copper, and not on gold.

Mr. WOLFSON. The refinery balance on the 1st of September was 119,570,000 pounds.

Mr. UNTERMYER. That is not the point, either. You were carrying a certain amount of copper for the mining companies whose copper you were withholding from the market, were you not?

Mr. WOLFSON. I am giving you the balance.

Mr. UNTERMYER. Were you not doing that? You were carrying a certain amount of copper for them, were you not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. What proportion of the price were you advancing them on that copper?

Mr. WOLFSON. We have various contracts. It varies between 80 and 90 per cent.

Mr. UNTERMYER. Yes. Now, how much money had you advanced, and did you have outstanding in the way of advances, on copper that was being withheld from the market on the 1st of September, 1907?

Mr. WOLFSON. I can not tell you that.

Mr. UNTERMYER. You were asked to present those figures, were you not?

Mr. WOLFSON. I was asked to give the amount of money we advanced month by month or day by day. I have got that.

Mr. UNTERMYER. You were asked, were you not, to produce data as follows:

The amount advanced by the company to its various customers during the above period upon crude or refined copper, together with the dates of such advances and the nature of the security.

Mr. WOLFSON. Yes; I have got that.

Mr. UNTERMYER. Let me see it. You have not got it up, have you?

Mr. WOLFSON. I have got the advances made, month by month, and the details are there, also, for each company.

Mr. UNTERMYER. You have nothing showing how much you advanced and when and how much copper you held on a given date?

Mr. WOLFSON. No, sir; I have not.

Mr. UNTERMYER. Did you not know that was what was wanted?

Mr. WOLFSON. I did not so understand the question.

Mr. UNTERMYER. You had to borrow the money—your company had to borrow the money—from the banks with which to carry this copper, did it not?

Mr. WOLFSON. We did not begin to borrow until the fall. We had to borrow money, certainly.

Mr. UNTERMYER. You had to borrow the money with which to carry this copper, did you not?

Mr. WOLFSON. We did not have to borrow until quite late. We had to borrow some, yes.

Mr. UNTERMYER. Did you meantime carry the copper out of your own funds?

Mr. WOLFSON. Yes; or the mining companies, for some time, had cash credit.

Mr. UNTERMYER. Do you mean they were able to carry their own copper?

Mr. WOLFSON. Why, sure; for quite a long time.

Mr. UNTERMYER. These are advances you made month by month, are they, on copper?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. This does not say how much was owing on this copper at any one time, does it?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. Have you no recollection of it?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. Was there not as much as \$50,000,000—

Mr. WOLFSON. Oh, no, sir.

Mr. UNTERMYER. Wait a moment. Was there not as much as \$50,000,000 advanced and owing on copper that you were holding for customers from the market?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. Can you not tell us what was the largest amount in August, 1907? You say you advanced them as much as \$12,000,000 or \$13,000,000 in a given month?

Mr. WOLFSON. Yes. The money kept coming in.

Mr. UNTERMYER. I understand; but while you were holding their copper and not selling it for them there was no money coming in, was there?

Mr. WOLFSON. Yes, there was still money coming in on old sales.

Mr. UNTERMYER. There was still money coming in on old sales?

Mr. WOLFSON. Yes. At the time of the first panic, in March, we still had contracts out that ran away into June.

Mr. UNTERMYER. Now, let us see. In April, May, June, and July, in those four months alone, you advanced over \$42,000,000, did you not?

Mr. WOLFSON. Yes; we paid out—

Mr. UNTERMYER. No; you advanced that to them, did you not, on copper?

Mr. WOLFSON. We paid out that much money.

Mr. UNTERMYER. Well, during those four months you were not selling any copper, were you?

Mr. WOLFSON. We were not making new contracts, but we were delivering.

Mr. UNTERMYER. During those four months you were selling practically no copper, were you—during April, May, June, and July?

Mr. WOLFSON. We were not entering new sales.

Mr. UNTERMYER. Your total sales during those four months were less than 5,000,000 pounds?

Mr. WOLFSON. Yes. Will you let me explain?

Mr. UNTERMYER. Yes, in just a moment. Carry in your mind what you want to explain, and I will give you an opportunity to do so in a few moments.

During the five months of April, May, June, July, and August, 1907, is it not a fact that in those entire five months you sold less than 5,000,000 pounds of copper?

Mr. WOLFSON. If that statement says so; it is a fact, yes.

Mr. UNTERMYER. Your normal sales of copper in five months would be from 150,000,000 to 250,000,000 pounds, would they not?

Mr. WOLFSON. Yes. But there you only take in one—

Mr. UNTERMYER (interposing). Of course, your pig copper was sold to only one or two customers?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Is not my statement correct?

Mr. WOLFSON. Yes. When you said the total for the five months, you did not take in any of the 10,000,000 pounds of other copper sold.

Mr. UNTERMYER. Let us see about that. Pig copper, you say, you only sold to one or two customers?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Do you want to make some explanation now?

Mr. WOLFSON. I wanted to explain that although we did not sell any copper there was money coming in all the time from previous sales.

Mr. UNTERMYER. Yes.

Mr. WOLFSON. From various sales made in the previous months.

Mr. UNTERMYER. I understood that. What I want to find out, however, is how much money you had to advance your customers during that five months whilst you were withholding this copper from the market. They went on producing, did they not, all the time?

Mr. WOLFSON. Yes; they went on producing.

Mr. UNTERMYER. The mining companies went on producing?

Mr. WOLFSON. I can get up a statement showing how much they owed us.

Mr. UNTERMYER. That is what I thought I had asked for.

Mr. WOLFSON. I did not so understand it.

Mr. UNTERMYER. Their production did not decline, did it—the mining companies' production?

Mr. WOLFSON. Not during those months in question. It began to decline later.

Mr. UNTERMYER. But during those five months they kept piling copper on you?

Mr. WOLFSON. They did.

Mr. UNTERMYER. And it cost them money to keep their mines going and produce it?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And they were needing money all the time?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And you were not selling copper?

Mr. WOLFSON. No.

Mr. UNTERMYER. During those five months, while the copper was being kept off the market, copper stocks were being unloaded at a great rate on the stock exchange, were they not?

Mr. WOLFSON. That I can not answer at all, because I have nothing to do with it.

Mr. UNTERMYER. When you did begin to sell copper the price dropped to 13 cents, did it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. It came out in a flood when you started selling it?

Mr. WOLFSON. We had to sell; yes.

Mr. UNTERMYER. You had to sell. You could not hold the market any longer?

Mr. WOLFSON. Well, I suppose not.

Mr. UNTERMYER. The production was getting too big and too fast, was it not; and the other producers were selling, were they not—the people outside of your company?

Mr. WOLFSON. When we were selling, others were selling.

Mr. UNTERMYER. No. While you were holding your copper during those five months, do you not know that others were selling?

Mr. WOLFSON. Some others were selling.

Mr. UNTERMYER. The other copper producers who were not operating through you were disposing of their copper and were supplying the market, were they not?

Mr. WOLFSON. That always happens.

Mr. UNTERMYER. They were supplying the market and you had to let go, did you not?

Mr. WOLFSON. As far as I know, nobody could sell any great quantity of copper at that time.

Mr. UNTERMYER. Do you not know that the Utah Copper Co. and the outside copper concerns were supplying the entire market?

Mr. WOLFSON. We had the sale of the Utah Copper Co.

Mr. UNTERMYER. You only had a limited amount, did you not?

Mr. WOLFSON. They were not large producers then.

Mr. UNTERMYER. But there were big producers; the Calumet and Hecla, for instance?

Mr. WOLFSON. They were not able to sell until late in the year.

Mr. UNTERMYER. Were they not selling copper right straight along?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. Do you mean to say that the whole world stopped buying copper?

Mr. WOLFSON. I do not mean to say that it stopped buying copper, but they were not buying anything like they did. If you will allow me I will explain what the situation was.

Mr. UNTERMYER. Yes; go on. Tell us what you understood the situation to be.

Mr. WOLFSON. Up to the month of March, 1907, as the statistics show, the price of copper kept rising from day to day.

Mr. UNTERMYER. And you kept accumulating it?

Mr. WOLFSON. No. That was when we had not any stock at all.

Mr. UNTERMYER. All right. Proceed.

Mr. WOLFSON. That was March, 1907. Up to the date of the first panic the price of copper kept rising from day to day simply by the abnormal demand. Consumers were buying a great deal more than they needed, because the people that bought from them kept buying more than they needed.

Mr. UNTERMYER. Do you mean to say that, at 25 cent copper, consumers were buying more than they needed?

Mr. WOLFSON. Up to that time they were buying more than they needed. I will tell you why. They figured that if they bought twice as much as they needed the next day it would show them a profit. That is the way it was. That is the way the market went. Then they were all afraid that they would not get their supplies. That was the case.

I remember in the months of January and December, when our customers wanted a million pounds of copper, we could not sell it to them. We had to give them only a quarter or a half. The consequence of that was that they scraped up the market for copper wherever they could get it.

Mr. UNTERMYER. Meantime copper stocks kept soaring, did they not?

Mr. WOLFSON. I would ask you not to question me on that, because I do not know.

Mr. UNTERMYER. You do not mean to say that you do not know anything about that?

Mr. WOLFSON. I saw it in the papers.

Mr. UNTERMYER. You do not mean to say that you did not keep track of that?

Mr. WOLFSON. The same as anybody else who looks in the papers, to see how stocks were.

Mr. UNTERMYER. You were interested in it, were you not?

Mr. WOLFSON. Not a bit.

Mr. UNTERMYER. You knew that your people, who ran your company, were very much interested?

Mr. WOLFSON. My only interest is in the merchandise line.

Mr. UNTERMYER. You have charge of the merchandise?

Mr. WOLFSON. That is all I know about.

Mr. UNTERMYER. Will you go on and complete your explanation?

Mr. WOLFSON. So that up to the 14th of March people, instead of buying, as is customary in the copper business, two to three months in advance of their requirements, bought five or six months in advance of their requirements, so that the large consumers had contracts at from 20 to 25 cents per ton and had obligations to take copper for five or six months; some less, some more. They bought away into the future.

Directly after the first panic there was no business. We could not do any more business.

Mr. UNTERMYER. But the panic did not occur until August, did it?

Mr. WOLFSON. It occurred on the 14th of March, and after that date we could not sell a pound of anything. Of course we had these large contracts on the books, and we felt it our duty to hold the price so as to enable our customers to dispose of their copper and to deliver it.

Mr. UNTERMYER. You thought it your duty to hold the price by declining to supply the demand, you mean?

Mr. WOLFSON. There was no demand.

Mr. UNTERMYER. Have you not a lot of letters from people asking for copper?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. Have you not been asked to produce letters?

Mr. WOLFSON. I have.

Mr. UNTERMYER. Have you produced any?

Mr. WOLFSON. I have produced letters. I could see by your question that you are not familiar with the manner in which copper is sold. Copper is not sold by letters.

Mr. UNTERMYER. I know it is not.

Mr. WOLFSON. It is sold by telephone and by personal interviews.

Mr. UNTERMYER. You never get any orders by letter?

Mr. WOLFSON. I brought all those we have.

Mr. UNTERMYER. With respect to my not knowing the copper business—

Mr. WOLFSON. I mean how copper is sold.

Mr. UNTERMYER. Do you not know that you get orders by letter every day for the sale of copper?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. You do get them, do you not?

Mr. WOLFSON. We get an inquiry from the small customers—car-load customers.

Mr. UNTERMYER. We are talking about the small customers, now.

Mr. WOLFSON. I have those. They do not amount to anything.

Mr. UNTERMYER. You have letters here asking for copper?

Mr. WOLFSON. Yes; and each one of them was quoted a price.

Mr. UNTERMYER. They were quoted a price of 25 cents?

Mr. WOLFSON. Whatever the price was.

Mr. UNTERMYER. That was while you were accumulating copper. If the market was so clear of copper and so barren of copper that you could not supply the demand in March, 1907, and then you were keeping copper off the market for five months, how did it happen that as soon as you put your copper on the market it dropped to 13 cents?

Mr. WOLFSON. I do not understand that question.

The stenographer repeated the question.

Mr. WOLFSON. In the first place, Mr. Untermeyer, we did not begin to sell until seven or eight months after.

Mr. UNTERMYER. How is it that, as soon as you began to sell, copper dropped from 25 cents to 13 cents, if it is true, as you say, that when you stopped selling the market was cleaned up, and people could not get copper, and copper was 25 cents then?

Mr. WOLFSON. Copper was 25 cents in March, 1907.

Mr. UNTERMYER. Was not that because the market was then cleaned up?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And people were begging for copper?

Mr. WOLFSON. Let me explain how it was cleaned up; with contracts—

Mr. UNTERMYER (interposing). I understand, but people were begging for copper?

Mr. WOLFSON. Prior to that; yes sir.

Mr. UNTERMYER. At that time?

Mr. WOLFSON. Prior to March 14, 1907. Not one minute after that date.

Mr. UNTERMYER. On the 13th of March, 1907—

Mr. WOLFSON (interposing). We never sold any quantity of copper.

Mr. UNTERMYER. They were begging for it?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And you could not give it to them?

Mr. WOLFSON. No.

Mr. UNTERMYER. And copper was 25 cents?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. The next day, if you had had all the copper imaginable you could not have sold it that day?

Mr. WOLFSON. That is right.

Mr. UNTERMYER. That kept up for how many months?

Mr. WOLFSON. That kept up all through the summer. We did not hold it all the time at 25 cents, either.

Mr. UNTERMYER. But all through the summer?

Mr. WOLFSON. We could not sell. We tried.

Mr. UNTERMYER. Just answer my questions, or we shall not get through. All through the summer, then, you could not sell any copper, could you?

Mr. WOLFSON. No.

Mr. UNTERMYER. Then as soon as you started selling copper, copper went to 13 cents?

Mr. WOLFSON. That is not true.

Mr. UNTERMYER. What price did it go to?

Mr. WOLFSON. It went there by gradual steps.

Mr. UNTERMYER. Let us see. I have your statement here. You do not refer to any gradual steps, do you?

Mr. WOLFSON. No. The statement would not show that.

Mr. UNTERMYER. You have copper here at 25.48 in March.

Mr. WOLFSON. In March, 1907.

Mr. UNTERMYER. Then you have it 22.35; then 15.38; then 13.2.

Mr. WOLFSON. In July, 1907, it was 22 cents. We tried to interest buyers at that.

Mr. UNTERMYER. Why did you keep it at 22 cents instead of selling it? You were accumulating a vast quantity?

Mr. WOLFSON. We tried to get people to buy at that price. When we found that they would not buy, we went down to 18 cents in September—

Mr. UNTERMYER. I understand. You have told us that the normal sales of copper are 30,000,000 pounds a month?

Mr. WOLFSON. Between 30,000,000 and 40,000,000 a month, by our company.

Mr. UNTERMYER. In April you sold 70,00 pounds of copper?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Did you try to sell any more, or did you try to hold the price by keeping it?

Mr. WOLFSON. Our business is to sell.

Mr. UNTERMYER. Did you try to sell?

Mr. WOLFSON. Yes; certainly.

Mr. UNTERMYER. How low did you offer copper in April, 1907?

Mr. WOLFSON. We did not offer it below our price of 25 cents, or 25½.

Mr. UNTERMYER. If you had wanted to sell you would have offered it lower, would you not?

Mr. WOLFSON. But we did not want—

Mr. UNTERMYER (interposing). You did not want to sell?

Mr. WOLFSON. We did not want to offer it below, because we had contracts on our books for five months' deliveries.

Mr. UNTERMYER. I do not see any deliveries there. Where are your deliveries in those months?

Mr. WOLFSON. You did not ask for them. I can give them to you.

Mr. UNTERMYER. Oh, yes. These sales refer to deliveries, do they not?

Mr. WOLFSON. No. These are simply contracts.

Mr. UNTERMYER. Have you no record of deliveries? Did you make any deliveries of copper in April?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Where is your record?

Mr. WOLFSON. I have not it with me.

Mr. UNTERMYER. In May you sold only 409,000 pounds of electrolytic copper.

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Electrolytic copper was accumulating all the time, was it not?

Mr. WOLFSON. Not then; no, sir.

Mr. UNTERMYER. You had how much accumulated on the 1st of September, 1907?

Mr. WOLFSON. For instance, at the end of April we only had—

Mr. UNTERMYER. How much had you accumulated on the 1st of September, 1907?

Mr. WOLFSON. There was 119,000,000 pounds.

Mr. UNTERMYER. One hundred and nineteen million pounds. Was that the total amount accumulated?

Mr. WOLFSON. That is the total amount of electrolytic copper.

Mr. UNTERMYER. That was on hand then?

Mr. WOLFSON. Less what was in process.

Mr. UNTERMYER. How much was that?

Mr. WOLFSON. The normal process, I think, during 1906 was about 40,000,000 pounds.

Mr. UNTERMYER. How much would that make in process and on hand September 1, 1907?

Mr. WOLFSON. One hundred and nineteen million pounds.

Mr. UNTERMYER. How much in process?

Mr. WOLFSON. That includes it.

Mr. UNTERMYER. That was the accumulation of how many months?

Mr. WOLFSON. That is only about three months' accumulation.

Mr. UNTERMYER. Three months' supply, so that after filling your orders and your contracts you had that amount on hand; is that right?

Mr. WOLFSON. Between two and three months' supply; yes.

Mr. UNTERMYER. In the meantime what price were you quoting on copper in August, 1907?

Mr. WOLFSON. Twenty-two cents.

Mr. UNTERMYER. Why did you not offer to sell copper at 20 cents or 15 cents?

Mr. WOLFSON. We could not get anybody to buy.

Mr. UNTERMYER. Did you offer it as low as 22 cents?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. You just said you quoted it at 22 cents?

Mr. WOLFSON. Yes. That is my record of the official quotation; but we tried to get buyers to say at what figures they would be interested. They said they were not interested at any figure.

Mr. UNTERMYER. And all of a sudden, in October, they were interested for 93,000,000 pounds in a single month?

Mr. WOLFSON. Yes. They had used up all that they had bought.

Mr. UNTERMYER. I see. And from that time they kept interested every month for many millions of pounds?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. During this time while this copper was being accumulated, that is, from March to August, 1907, Amalgamated stock was selling very freely in the market?

Mr. WOLFSON. I do not know anything about that.

Mr. UNTERMYER. When the price of copper metal breaks, the prices of copper stocks break, do they not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. As long as you can keep up the price of copper metal, either by withholding the copper from the market or in any other way, the price of copper stocks goes up?

Mr. WOLFSON. It is quite natural. They do not earn as much dividends—

Mr. UNTERMYER. I did not ask you that, Mr. Wolfson. We all know that.

Mr. WOLFSON. You are asking me an academic question, and I am telling you—

Mr. UNTERMYER. If you can create an artificial scarcity of the metal—

Mr. WOLFSON (interposing). Artificial?

Mr. UNTERMYER. I say, assuming you can create an artificial scarcity of the metal, you can put up the price, can you not?

Mr. WOLFSON. No; I do not think so.

Mr. UNTERMYER. You do not? Let us see about that.

Mr. WOLFSON. Not if the public knows it is artificial.

Mr. UNTERMYER. But the public did not know what you were doing, did they?

Mr. WOLFSON. Yes. They do. I beg pardon.

Mr. UNTERMYER. Did the public know what you were up to when you accumulated this copper?

Mr. WOLFSON. Certainly.

Mr. UNTERMYER. How did it happen, then, that in October, 1907, when you released this copper metal and sold 93,000,000 pounds of it, Amalgamated stock went down to 41½ from 121, where it had been in January, 1907?

Mr. WOLFSON. How can I answer that?

Mr. UNTERMYER. October, 1907, was the time of the panic, was it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. The stock-exchange panic.

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And that had something to do with the stock going down to 41 at that time, did it not?

Mr. WOLFSON. I have no doubt it did.

Mr. UNTERMYER. You know enough about stock matters for that?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. We will take September, when your stocks had accumulated very fast. How did it happen that in September, 1907, when you started to sell copper, and sold 5,637,000 pounds of electrolytic copper, Amalgamated stock, which had been 121 in January, 1907, went down before the panic to 56½? Do you know how that happened?

Mr. WOLFSON. No, sir.

Mr. UNTERMYER. In which of these columns is Mexican copper included? I refer to copper from Mexican mines handled by your company?

Mr. WOLFSON. In the electrolytic.

Mr. UNTERMYER. It is included in the electrolytic copper?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. In 1907 what proportion, what amount, of these sales of electrolytic included Mexican product; do you know?

Mr. WOLFSON. No.

Mr. UNTERMYER. You do not know?

Mr. WOLFSON. No.

Mr. UNTERMYER. What Mexican mine were you handling?

Mr. WOLFSON. The Greene Consolidated.

Mr. UNTERMYER. That was a small producer, was it not, then, in 1907?

Mr. WOLFSON. About 3,000,000 pounds a month, I believe.

Mr. UNTERMYER. You do not know what proportion of this copper was Mexican?

Mr. WOLFSON. No.

Mr. UNTERMYER. But it is included in the amount of electrolytic copper?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. Have you any list here that will show what deliveries you were making on your earlier contracts, in the summer of 1907?

Mr. WOLFSON. No. I have not.

Mr. UNTERMYER. Will you produce such a list showing month by month the deliveries of electrolytic copper that were being made during the summer of 1907; and also the statement for which I asked—that is, the amount that you were advancing to these different copper companies month by month during the summer of 1907 whilst this copper was being withheld from the market? Your counsel wants you to produce it.

Mr. WOLFSON. All right; yes. You mean how much they owed?

Mr. UNTERMEYER. How much they owed you; yes; on advances. You were advancing 80 per cent of the market price, were you not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. What market price? The day that the copper came to you, or how?

Mr. WOLFSON. The day they wanted the advance. What months did you want?

Mr. UNTERMYER. Beginning on April 1 and ending on the 30th of September. Will you now produce the documents that I asked you to produce which have not yet been handed to me?

The witness produced certain papers.

Mr. UNTERMYER. The sales that the companies represented by you make to their customers are guaranteed by your principals whose copper you handle?

Mr. WOLFSON. No.

Mr. UNTERMYER. Do you personally guarantee the sales?

Mr. WOLFSON. Our company guarantees.

Mr. UNTERMYER. Guarantees deliveries?

Mr. WOLFSON. Guarantees the sale price of the metal. May I make a few remarks in relation to that.

Mr. UNTERMYER. Not a few remarks.

Mr. WOLFSON. Just a few words.

Mr. UNTERMYER. On the question of the guaranty?

Mr. WOLFSON. On that question; yes.

Mr. UNTERMYER. Yes, I think so; if you care to do so. We understand what it means—unless you would like to explain it.

Mr. WOLFSON. I want to explain that at the time of this first panic when we had this large number of contracts on our books at prices ranging from 20 to 25 cents a pound, if we had then forced the sale of copper we would have forced most of our customers into bankruptcy, and, as a consequence, our own company.

Mr. UNTERMYER. Let us see about that. We will take that up with you. In other words, is that your defense for accumulating this copper?

Mr. WOLFSON. That is not my defense. That is the reason, as I understand it, that we did not precipitate the decline in the price of the metal, but let it take a gradual course.

Mr. UNTERMYER. You mean you did not precipitate the decline by selling any copper?

Mr. WOLFSON. By forcing the price down to the level at which people would buy.

Mr. UNTERMYER. You mean that is the reason you kept copper off the market; is that it?

Mr. WOLFSON. That is the reason we did not force it, because we would have forced our people, who had contracts with us for millions of pounds of copper, into bankruptcy.

Mr. UNTERMYER. I understand that. I thought you told us that your copper had been sold up for months ahead?

Mr. WOLFSON. But not delivered.

Mr. UNTERMYER. Just answer the direct point. It had been sold up, had it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And it had been sold for the account of your companies that you represented, had it not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And you had valid contracts with people who had bought it?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And all you had to do was to enforce those contracts, was it not? They did not buy for speculation, did they?

Mr. WOLFSON. I do not suppose they did. They were consumers. I do not know for what purpose they bought it.

Mr. UNTERMYER. The people to whom you sold copper were consumers, were they not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. You delivered the copper to them, did you not?

Mr. WOLFSON. We eventually delivered it.

Mr. UNTERMYER. You were afraid that if you kept on selling copper in the normal way copper would go down?

Mr. WOLFSON. Yes; that is so.

Mr. UNTERMYER. That is the reason you thought you had the right to accumulate it?

Mr. WOLFSON. Not the right. We felt it a duty to hold the price up until the copper was partially consumed.

Mr. UNTERMYER. Wait a minute. In the performance of that duty you kept up the price of copper stocks, too, did you not, in which Messrs. Rogers and Rockefeller were—

Mr. WOLFSON. Do not ask me about stocks. That is where I am right up in the air. I do not know anything about stocks.

Mr. UNTERMYER. I know it is a sensitive point with you—

Mr. WOLFSON. I do not know anything about it.

Mr. UNTERMYER. You do know, do you not—

Mr. WOLFSON. You know that I know nothing about it.

Mr. UNTERMYER. You know that by this eleemosynary process of keeping up the price—

Mr. WOLFSON (interposing). It was not eleemosynary.

Mr. UNTERMYER. Wait a moment. Very well, then; you know that by that process—I withdraw the word “eleemosynary”——

Mr. WOLFSON. Thank you.

Mr. UNTERMYER (continuing). You know that by that process of keeping up the price of copper through keeping you copper off the market you also kept up the price of copper stocks, do you not?

Mr. WOLFSON. I can not answer that.

Mr. UNTERMYER. Did you not say a little while ago that copper stocks went up when copper metal went up, and went down when copper metal went down? You know that, do you not?

Mr. WOLFSON. I said that that is the usual sequence—the usual consequence.

Mr. UNTERMYER. Having sold your copper for months ahead to people who were responsible and could pay for it, how do you make it out that if you went on selling copper normally you would break your own customers, your own mines, and your own company?

Mr. WOLFSON. I can not answer that.

Mr. UNTERMYER. Did you think the people would not perform their contracts?

Mr. WOLFSON. They could not.

Mr. UNTERMYER. But if a man buys copper at 25 cents he buys it for a rise as well as for a fall, does he not?

Mr. WOLFSON. No. He bought it to deliver to his customers, but those customers would not have taken the copper from them. And they told us—some of the principal consumers—that if the market went down precipitately like the stock market did, they would have been forced into bankruptcy.

Mr. UNTERMYER. You say, in April, May, June, and July things were pretty active. were they not, before the October panic?

Mr. WOLFSON. They were not with us.

Mr. UNTERMYER. But they were generally, were they not?

Mr. WOLFSON. I do not know.

Mr. UNTERMYER. Do you understand, then, that when a merchant sells a product when the price is high, for delivery thereafter, it is his duty, when the price goes down, not to sell any more, so as to keep up the high price—to artificially keep the market up?

Mr. WOLFSON. I did not get that question.

Mr. UNTERMYER. Very well. Let us look at this statement. This is a statement of loans made by your company, is it not?

Mr. WOLFSON. Yes. That is what you called for.

Mr. UNTERMYER. It is a statement of loans made by your company from May 1, 1906, to May 1, 1908; that is, moneys you borrowed from different banks?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. For the purpose of carrying copper?

Mr. WOLFSON. For the purpose of meeting our obligations.

Mr. UNTERMYER. Was it for the purpose of carrying copper?

Mr. WOLFSON. It was for the purpose of making advances in accordance with our obligations.

Mr. UNTERMYER. Will you not tell me whether this money was borrowed in order to carry copper?

Mr. WOLFSON. I did answer it.

Mr. UNTERMYER. Can you tell us whether it was or not?

Mr. WOLFSON. It was for the purpose that I stated, to make advances against copper intrusted to us, and other metals.

Mr. UNTERMYER. Those are your own borrowings?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. The borrowings of your own company?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And from September, 1907—

Mr. WOLFSON (interposing). We did not begin to borrow until late in the year, you see.

Mr. UNTERMYER. From September, 1907, down to—

Mr. WOLFSON. Down to December, is it not?

Mr. UNTERMYER. October, is it not?

Mr. WOLFSON. No; it was December.

Mr. UNTERMYER. Down to December, 1907, they amounted to a little over \$10,000,000?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. And this states the different banks and institutions from which you made these loans?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. I do not think we find it necessary to disclose that business in the record. We have the amount.

Mr. WOLFSON. As you please.

Mr. UNTERMYER. So you may take that. Give me the other papers that you have produced.

The witness handed papers to counsel.

Mr. UNTERMYER. I see that on the 31st of October, 1907, you had 161,000,000 pounds of copper on hand?

Mr. WOLFSON. Yes, sir.

Mr. UNTERMYER. How did that happen, when you sold 93,000,000 in October?

Mr. WOLFSON. That is the distinction I tried to bring to your attention before, that the sales are made for deliveries ahead.

Mr. UNTERMYER. I know that.

Mr. WOLFSON. So that we show a big stock there. This 93,000,000 pounds is sold against it for delivery in future months.

Mr. UNTERMYER. Then there was a big production by the mines between September and October, was there not?

Mr. WOLFSON. I think it was rather around that time they had to close down. Most of the mines closed down.

Mr. UNTERMYER. When copper went down you began to sell pretty lively, did you not?

Mr. WOLFSON. Yes.

Mr. UNTERMYER. And your copper stocks went down so that the following April they were only 56,000,000 pounds?

Mr. WOLFSON. After those sales were delivered; yes, sir.

Mr. UNTERMYER. I will offer these two papers in evidence.

The papers referred to were marked, respectively, "Exhibit No. 111, December 11, 1912," and "Exhibit No. 111½, December 11, 1912," and will be found at the end of the proceedings of December 19.

Mr. UNTERMYER. Have you a statement of the market price of copper day by day and month by month?

Mr. WOLFSON. I have no statement. I can draw it up into a statement. I brought the book. You asked for the book.

Mr. UNTERMYER. If you will just prepare a statement, that will answer our purposes.

Mr. WOLFSON. A statement for that period?

Mr. UNTERMYER. Yes.

Whereupon, at 4.25 o'clock p. m., the committee adjourned until to-morrow, Thursday, December 12, 1912, at 11 o'clock a. m.