

# **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 14**

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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., Wednesday, December 18, 1912.*

The subcommittee met at 11.35 o'clock a. m.

Present: Messrs. Pujo (chairman), Stephens, Daugherty, Byrnes, Neeley, McMorrin, Hayes, and Heald.

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

## TESTIMONY OF CHARLES F. RIDDELL.

The witness was sworn by the chairman.

Mr. UNTERMYER. You are Sergeant at Arms of the House of Representatives?

Mr. RIDDELL. Yes, sir.

Mr. UNTERMYER. Were you requested by the committee to effect service of a subpoena in this inquiry upon Mr. William Rockefeller?

Mr. RIDDELL. I was.

Mr. UNTERMYER. When was the subpoena handed you for that purpose?

Mr. RIDDELL. It was handed a special messenger of mine about the 10th of June, I believe.

Mr. UNTERMYER. The 10th of June this year?

Mr. RIDDELL. Yes, sir.

Mr. UNTERMYER. Have you been endeavoring since then to effect service?

Mr. RIDDELL. I have.

Mr. UNTERMYER. Will you be good enough to state to the committee what efforts you have made to serve this subpoena on Mr. William Rockefeller?

Mr. RIDDELL. I have had Mr. White, Mr. Newman, and Mr. Henlon, special messengers, at New York, at his office, also at his Tarrytown home and his Fifth Avenue home, and inquired as to his whereabouts. They were always told that he was sick or out of the city or in Canada or some other place other than his home.

Mr. UNTERMYER. For how long have you been pursuing these efforts to serve a process on Mr. William Rockefeller?

Mr. RIDDELL. Off and on until about three weeks ago, when the chairman of the committee called me up by telephone and said arrangements had been made by which Mr. Rockefeller would appear before the committee.

Mr. UNTERMYER. Did the chairman afterwards instruct you to resume your efforts and effect service?

Mr. RIDDELL. He did; yes, sir.

Mr. UNTERMYER. Have you done so?

Mr. RIDDELL. Yes, sir.

Mr. UNTERMYER. Have you located Mr. Rockefeller at any particular place?

Mr. RIDDELL. Not as yet.

Mr. UNTERMYER. At what places have you endeavored to locate him?

Mr. RIDDELL. At his office and his Fifth Avenue home, and at Tarrytown.

Mr. UNTERMYER. Have you had deputies out trying to locate him?

Mr. RIDDELL. We have.

Mr. UNTERMYER. What deputies?

Mr. RIDDELL. Mr. White and Mr. Newman and Mr. Henlon.

Mr. UNTERMYER. Is Mr. Newman here?

Mr. RIDDELL. He left just a moment ago.

Mr. UNTERMYER. Is Mr. White here?

Mr. RIDDELL. Mr. White is out of the city.

Mr. UNTERMYER. Are you still making these efforts to effect service?

Mr. RIDDELL. Yes, sir.

Mr. UNTERMYER. That is all.

Witness excused.

Mr. UNTERMYER. I would like to read into the record the following communication from counsel of this committee to Mr. William Rockefeller, dated June 6, 1912:

JUNE 6, 1912.

WILLIAM ROCKEFELLER, Esq.,  
26 Broadway, New York City.

DEAR SIR: The Sergeant at Arms of the House of Representatives has been endeavoring to serve a subpoena on you to appear before the Committee on Banking and Currency of the House of Representatives to testify in connection with the pending so-called "Money Inquiry." The subpoena server made known his errand to your employees at your office and we have also advised you by telegram addressed to your various places of residence that a subpoena is outstanding requiring your attendance before the Committee.

I beg herewith to respectfully request that you designate a time and place when service can be made.

Very truly, yours,

SAM'L UNTERMYER.

I also desire to read into the record the following telegrams, each dated June 5, 1912, addressed to Mr. William Rockefeller in each instance, at Tarrytown, N. Y.; Gay Pond, Adirondack Mountains, N. Y.; 689 Fifth Avenue, New York City; and 26 Broadway, New York City, each telegram reading as follows, all being worded alike:

House Committee on Banking and Currency that is conducting money inquiry has been endeavoring to serve you with subpoena to attend and testify. Kindly advise me when and where you will accept service of such subpoena, as we have been endeavoring effect service.

SAMUEL UNTERMYER,  
37 Wall Street.

The CHAIRMAN. The Chair desires to make the following statement with reference to this matter:

The committee having in charge this inquiry, of which committee I am chairman, was ordered by me to convene in this city on the 20th of November, of this year. On that day Mr. J. K. Jones, an

attorney of this city, called on me and stated that, he had been requested by Mr. M. F. Elliott, an attorney at law of New York City, to state that Mr. Rockefeller's physical condition was such that he could not come to Washington to testify without endangering his health. In fact, it was represented to me that Mr. Rockefeller could not speak above a whisper.

I understood Mr. Jones to convey the impression specifically that there was no disposition on Mr. Rockefeller's part to evade service or to deny the jurisdiction of the committee to have him appear before it as a witness. Mr. Jones said that they would furnish a certificate of a physician as to Mr. Rockefeller's physical condition. I told him that would be a matter which the committee would take up and be glad to consider when they received such certificate.

Later on a certificate from Dr. Walter F. Chappell was brought to my office and left with one of the force, reading as follows:

7 EAST FIFTY-FIFTH STREET,  
December 6, 1912.

This is to certify that Mr. William Rockefeller has been under my care for a considerable period, suffering from chronic throat trouble. At the present time his larynx is much inflamed, and he is unable to speak above a whisper and that with difficulty.

In my opinion it would be a great risk for him to make a trip to Washington to attend, as a witness, or even submit to an oral examination at home.

WALTER F. CHAPPELL, M. D.

When Mr. Jones, in behalf of Mr. Elliott, submitted to me this statement with reference to the physical condition of Mr. Rockefeller, I informed the Sergeant at Arms not to make further attempt to effect service. I understood that Mr. Rockefeller's testimony could be taken, after conference with counsel, by a subcommittee—the chairman—going to New York with counsel for the committee, and that Mr. Rockefeller would be represented by counsel for himself, for the purpose of taking his testimony there.

Later on, to my surprise—and I will file all the correspondence in the record—I was informed that I had misconstrued Mr. Jones's statement with reference to Mr. Rockefeller's acknowledging service or waiving service, and they wanted to know whether he would be excused if certificates were submitted to the committee. I informed them the committee could not consider a certificate unless service was first had. I then instructed Mr. Riddell to go to New York and try to effect service upon Mr. Rockefeller, giving him a letter of introduction to Mr. Elliott, and also wiring to Mr. Elliott to see that Mr. Rockefeller would be served by the Sergeant at Arms of the House of Representatives of the United States.

To my surprise, as I said a moment ago, I received a few days thereafter, a letter from Mr. Elliott, which will also be spread on the record, stating that he had merely intervened in the matter as a friend; that he was not an attorney for Mr. Rockefeller.

Counsel for the committee thereupon offered to go to Mr. Rockefeller's home or his office, with the chairman of this committee, to have Mr. Rockefeller's deposition taken, to be read before this committee; and it was arranged and announced that if Mr. Rockefeller could not testify at any length in any one day, it would be agreeable to make the sessions very short, the committee endeavoring in all things to conform to the physical condition of Mr. Rockefeller, feeling

at all times that his testimony was very pertinent to this inquiry; otherwise there would have been no attempt to have his testimony taken as a witness.

The correspondence referred to was marked as a whole "Exhibit No. 134 C," and will be found printed in full at the end of this day's proceedings.

#### TESTIMONY OF LAWRENCE W SCUDDER—Recalled.

Mr. UNTERMYER. Have you, Mr. Scudder, under instructions from the committee, prepared a chart with respect to the four largest life insurance companies of New York, showing their present assets and what those assets will be at given times in the future?

Mr. SCUDDER. I have.

Mr. UNTERMYER. Will you please produce that chart?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Will you be good enough to explain the chart and what the red lines mean and what the results show, with respect to the New York Life Insurance Co., the Mutual Life Insurance Co., the Equitable Life Assurance Association, and the Metropolitan Life Insurance Co.?

Mr. SCUDDER. The chart shows on the left-hand side, running up and down, the amount of assets of these insurance companies at the close of the year 1901, at the close of the year 1906, and at the close of the year 1911, and continuing at the same rate of increase or arithmetical progression, by red lines it is carried out to show the approximate assets at 1916, 1921, 1926, and 1931.

Mr. UNTERMYER. What is the basis of the calculation? What figures did you take?

Mr. SCUDDER. The figures that I took were taken from the New York insurance department's report, showing the total admitted assets of each one of these insurance companies at those dates.

Mr. UNTERMYER. How did you figure the assets as of the future?

Mr. SCUDDER. I figured the assets in this particular table as of the future by adding on each year one-tenth of the increase during the past 10 years, so that the table here shows the assets increased on an arithmetical progression; that is, adding the same amount each year.

Mr. UNTERMYER. Did you take into account the limitations of the business of the company under the law?

Mr. SCUDDER. I did; yes sir.

Mr. UNTERMYER. Those are all figured in, in your statement as to the probable assets at given times in the future, as based upon the progression in the past?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Will you be good enough to tell us what results you found?

Mr. SCUDDER. The results show that the increase, based on this rate, in 1916—

Mr. UNTERMYER. That is subject to the legal limitation of new business?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. First, begin with 1901 and tell us what the increase has been from that time to the present.

Mr. SCUDDER. Do you wish me to give the figures for each individual company or the figures for the total?

Mr. UNTERMYER. For each individual company first, and then for the total.

Mr. SCUDDER. In 1901 the New York Life Insurance Co. had approximately \$291,000,000. Do you wish me to read the exact figures?

Mr. UNTERMYER. No; that will do.

Mr. SCUDDER. The Mutual Life Insurance Co. had approximately \$353,000,000, the Equitable Life Assurance Association had approximately \$330,000,000, and the Metropolitan Life Insurance Co. had approximately \$75,000,000.

Mr. UNTERMYER. What was the total of 1901?

Mr. SCUDDER. The total for 1901 was \$1,049,000,000, approximately.

In 1906, five years later, the New York Life had increased to approximately \$475,000,000, the Mutual Life to approximately \$496,000,000, the Equitable Life to approximately \$429,000,000, and the Metropolitan to \$176,000,000 approximately, making a total for that year of approximately \$1,576,000,000.

Mr. UNTERMYER. What percentage of increase is that?

Mr. SCUDDER. I have not got the percentage.

Mr. UNTERMYER. You have not figured that?

Mr. SCUDDER. I have not figured that; no, sir.

Mr. UNTERMYER. Then go on to the next period.

Mr. SCUDDER. Five years later—that is, December 31 last—the New York Life had approximately \$693,000,000, the Mutual Life \$587,000,000, the Equitable Life \$504,000,000, and the Metropolitan Life \$353,000,000, making a total of assets of the four companies, December 31 last, of \$2,138,000,000.

Mr. UNTERMYER. Based upon that rate of progression, what do your calculations show for 1916?

Mr. SCUDDER. For 1916, based upon that rate of progression the New York Life would have approximately \$895,000,000, the Mutual \$705,000,000, the Equitable \$591,000,000, and the Metropolitan Life \$492,000,000; or a total for the four companies of \$2,683,000,000.

Mr. UNTERMYER. In that calculation what allowance have you made for the limitation of business?

Mr. SCUDDER. The limitation of business is based upon a percentage of the business in force, and consequently an arithmetical progression could not be affected by such limitation.

Mr. UNTERMYER. Now proceed with the next period, to 1921, 10 years from now.

Mr. SCUDDER. In 1921, 10 years from now, at the same rate of increase the New York Life Insurance Co. would have \$1,097,000,000 of assets, the Mutual Life \$822,000,000 of assets, the Equitable Life \$678,000,000 of assets, and the Metropolitan Life \$631,000,000 of assets; or a total for the period of \$3,228,000,000 of assets for those four companies.

In 1926 the assets of the New York Life at this rate of increase would be \$1,299,000,000, the Mutual Life \$949,000,000, the Equitable Life \$765,000,000, and the Metropolitan Life \$770,000,000, or a total 15 years from now for the four companies of \$3,783,000,000.

In 1931, 20 years from now, the New York Life at the same rate of increase would have \$1,501,000,000, the Mutual Life \$1,056,000,000, the Equitable Life \$852,000,000, and the Metropolitan Life \$909,000,000, or a total for the four companies 20 years from now of \$4,318,000,000.

Mr. UNTERMYER. Do those red lines on the chart signify the extent and volume of increase?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. And the proportionate increase as between them?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. I will ask to have that marked in evidence.

The paper referred to, being a chart as above described, was marked "Exhibit No. 134, December 18, 1912," and will be found at the end of the proceedings of December 19, 1912.

Mr. UNTERMYER. I want to ask you now some questions with respect to some statistics you presented at the previous hearing with respect to sales and transfers of the shares of certain selected companies, among which was the Amalgamated Copper Co. Do you remember one of the figures, that of March 15, 1907, of sales appearing in that sheet being something over 2,000,000 shares?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. From what source did you get that information?

Mr. SCUDDER. I got that information as to the daily sales from the New York Evening Post.

Mr. UNTERMYER. Where did you get that particular figure for that day?

Mr. SCUDDER. From the New York Evening Post of March 15, 1907.

Mr. UNTERMYER. Have you the paper here?

Mr. SCUDDER. I have.

Mr. UNTERMYER. The sales of that day appear there as of what figure?

Mr. SCUDDER. 2,147,005.

Mr. UNTERMYER. On checking back those figures since the hearing, have you found that that was an error?

Mr. SCUDDER. Taking the other newspapers in New York as of that date, I find that the shares listed were 228,240.

Mr. UNTERMYER. You mean the shares sold?

Mr. SCUDDER. I mean the shares sold; yes, sir.

Mr. UNTERMYER. On that day?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Where did you get that information?

Mr. SCUDDER. I got that information from two of the other New York newspapers, viz, the New York Times and the New York Herald.

Mr. UNTERMYER. And have you verified the correctness of that information?

Mr. SCUDDER. I have taken the list of individual sales, known as the official list, from the New York Stock Exchange, and myself have added up the total number of sales—

Mr. UNTERMYER. You mean for that particular day?

Mr. SCUDDER. For that particular day, which come to 228,940 shares.

Mr. UNTERMYER. Is that the only correction you want to make in those lists?

Mr. SCUDDER. It is, yes sir.

Mr. UNTERMYER. Have you made a statement of the balances in the New York banks, at stated intervals, of the four life insurance companies about which you have been testifying?

Mr. SCUDDER. In certain of their banks; yes, sir.

Mr. UNTERMYER. Which of the banks have you taken; those which have the largest accounts?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Where did you get that information?

Mr. SCUDDER. This information was published in the report of the New York State insurance department.

Mr. UNTERMYER. What did you find in respect to the balance at various times of the year, and as to the average balance during the year, as compared with the balance on the 31st of December of each year?

Mr. SCUDDER. As a general rule, I found that the balance on December 31 was very much smaller than the average largest monthly balance during the year.

Mr. UNTERMYER. On what day are these companies required to make their statements?

Mr. SCUDDER. I have not got those figures here. I do not remember.

Mr. UNTERMYER. What day of the year are these reports required to be made; the 1st of January, are they not?

Mr. SCUDDER. Yes, sir; December 31. The last of the year, December 31.

Mr. UNTERMYER. They are required to make their statements as of December 31?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. And are these balances computed before the January disbursements?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Have you a statement there of these returns?

Mr. SCUDDER. I have; yes, sir.

Mr. UNTERMYER. Which is the first one you have there?

Mr. SCUDDER. The first one is the New York Life Insurance Co.

Mr. UNTERMYER. What does that show?

Mr. SCUDDER. Do you wish me to give the entire detail of all this?

Mr. UNTERMYER. No; I think you had just better give the result of each one of those schedules, and we will put in the schedule itself.

Mr. SCUDDER. The first schedule, of the New York Life, is for these four banks, the Citizens Central National Bank, the Chase National Bank, the Mechanics & Metals National Bank, and the New York Trust Co., showing total deposits in 1911, on December 31, of \$2,712,422.44, and an average largest monthly balance for the year of \$6,973.842.

In 1910 the balance on hand December 31 for the four banks was \$2,894,745.92, and the average largest monthly balance for the year was \$5,487,299.

In 1909 the balance on December 31 was \$2,653,492.31, and the average largest monthly balance for the year was \$7,071,049.09.

In the case of the Mutual Life Insurance Co.—

Mr. UNTERMYER. Will you take the earlier years first?

Mr. SCUDDER. Yes, sir.

In the case of the Mutual Life Insurance Co., with five banks, the balances on December 31, 1909—will it do if I read the approximate figures?

Mr. UNTERMYER. Yes.

Mr. SCUDDER. The balances were approximately as follows: In 1909 \$1,514,000, in 1910 \$2,877,000, in 1911 \$1,376,000. The average largest monthly balances for the year were, in 1909 \$7,012,000, in 1910 \$4,109,000, and in 1911 \$5,511,000.

For the Equitable Life Assurance Society the record shows that the balances on December 31, in five banks, were as follows—

Mr. UNTERMYER. In how many of the banks were these balances?

Mr. SCUDDER. Five.

Mr. UNTERMYER. Those were the leading accounts?

Mr. SCUDDER. Yes, sir.

In 1909 the balance on December 31 was \$7,187,000; in 1910, \$6,220,000; and in 1911, \$7,577,000. The average largest monthly balance for the year 1909 was \$10,242,000, for 1910 \$6,687,000, and for 1911 \$12,015,000.

Mr. UNTERMYER. That was in the case of the Equitable?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Go on.

Mr. SCUDDER. In the case of the Metropolitan Life Insurance Co. the total for four banks shows that in 1909 the balance on December 31 was \$3,646,000, in 1910 \$2,559,000, and in 1911 \$2,573,000. The average largest monthly balance for the year was, in 1909 \$3,941,000, in 1910 \$4,239,000, and in 1911 \$3,928,000.

Mr. UNTERMYER. You say the Equitable Life had the largest balances then?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How did its business compare with that of the New York Life and the Mutual Life?

Mr. SCUDDER. The business of the Equitable Life Assurance Society is not as large as that of the New York Life.

Mr. UNTERMYER. That is all.

Witness excused.

#### TESTIMONY OF SERE NEWMAN.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your occupation?

Mr. NEWMAN. I am employed in the disbursing office of the House.

Mr. UNTERMYER. Are you connected with the office of the Sergeant at Arms?

Mr. NEWMAN. I have been on several occasions a special officer.

Mr. UNTERMYER. You are a special deputy of the Sergeant at Arms?

Mr. NEWMAN. Yes, sir.

Mr. UNTERMYER. Will you state what efforts you made to serve Mr. William Rockefeller with a subpoena to appear before this committee?

Mr. NEWMAN. On the last Sunday in October I went from here to New York and spent three days trying to get service of a subpoena on Mr. Rockefeller.

Mr. UNTERMYER. You have been Sergeant at Arms for the State of Texas, have you not?

Mr. NEWMAN. Yes, sir.

Mr. UNTERMYER. What did you do in the way of trying to get service on him?

Mr. NEWMAN. I went to 26 Broadway and sent in my card and was informed that Mr. Rockefeller was not in the city and had not been for six months; and that he was ill, wherever he was.

Mr. UNTERMYER. Go on and state what you did.

Mr. NEWMAN. I went to his home, I think at 696 Fifth Avenue—wherever it is on Fifth Avenue—and went in there, and I could not find him.

Mr. UNTERMYER. Did you search his house?

Mr. NEWMAN. Yes, sir.

Mr. UNTERMYER. All the way through? Where else did you go?

Mr. NEWMAN. I went the next morning to Tarrytown, and went out to his country home, and inquired for him there. I went in the house there, but did not search all the rooms. I came back from Tarrytown and went to see his attorney, Mr. Elliott, and told him of my efforts to secure service on Mr. Rockefeller, and suggested that he take up the matter with Mr. Rockefeller. He told me that if I would come on back to Washington he would take it up either with the committee or with the Sergeant at Arms, and he would get Mr. Rockefeller to accept service.

Mr. UNTERMYER. You have not been able to do anything in the way of serving him, have you?

Mr. NEWMAN. No, sir.

Mr. UNTERMYER. Or to get any acceptance of service?

Mr. NEWMAN. No, sir.

Mr. UNTERMYER. Have you been able to locate Mr. Rockefeller?

Mr. NEWMAN. No, sir.

Witness excused.

#### TESTIMONY OF PHILIP J. SCUDDER.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your occupation?

Mr. SCUDDER. I am a statistician.

Mr. UNTERMYER. How long have you been so engaged?

Mr. SCUDDER. About seven years.

Mr. UNTERMYER. Are you connected with any firm or corporation?

Mr. SCUDDER. I am treasurer of the Investor's Agency, a corporation which does a statistical and accounting business and owns a large statistical library.

Mr. UNTERMYER. How long have you been connected with that corporation?

Mr. SCUDDER. About seven years.

Mr. UNTERMYER. What is its business?

Mr. SCUDDER. It does a statistical and accounting business, and makes reports on corporations, and has a large statistical library of information concerning corporations all over the world.

Mr. UNTERMYER. Was your company employed on behalf of this committee to prepare some statistics?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How long have you been at work on these statistics?

Mr. SCUDDER. About three weeks.

Mr. UNTERMYER. With how many men?

Mr. SCUDDER. Varying from 10 to 12, working continuously.

Mr. UNTERMYER. Day and night ?

Mr. SCUDDER. Day and night and Sundays.

Mr. UNTERMYER. What were your instructions ?

Mr. SCUDDER. Our instructions, in part, were to prepare a chart showing the interlocking directorates of 18 large financial institutions, showing the number of directorships which each of such institutions had in a list of some 152 of the largest banks, trust companies, insurance companies, transportation systems, producing and trading corporations, and public utility companies in the United States. I have had prepared a chart showing—

Mr. UNTERMYER. Just a moment before you come to that. I want you to explain how you went to work, and from what sources you derived the information that you have put upon these charts that are now before us. Explain that fully, if you please, because we want to know with what thoroughness and with what tools you went to work in preparing this material.

Mr. SCUDDER. In the first place I made up as complete—as up-to-date—a list of the directors of these 152 corporations as could be obtained, starting with the latest annual reports of the various companies, and verified that by reference to such reports of changes in directorships as had become a matter of public knowledge.

Mr. UNTERMYER. Did you check all that up ?

Mr. SCUDDER. I did, sir. Starting with this full information as to the directorships in these 152 corporations, I made a careful analysis of the list of individuals, picking out such as were also firm members or directors of these 18 large financial institutions. Having done so, I prepared a statistical chart showing the interrelations through interlocking.

Mr. UNTERMYER. Did you work this information out first upon cards, or how did you do it ?

Mr. SCUDDER. Yes, sir; I did.

Mr. UNTERMYER. Tell us what you did, Mr. Scudder, because we want to know the processes by which this was prepared, so as to determine the extent of its accuracy.

Mr. SCUDDER. I had a card index prepared of the directors in these various corporations, ascertained as I have described. Having made up this card index and selected from it the individuals who were also directors or firm members in these 18 financial institutions, I prepared preliminary charts for each of four groups, viz: Banks, trust companies, and insurance companies in one; transportation systems in another; producing and trading companies in a third; and public-utility corporations in a fourth. I prepared a preliminary chart of interlocking directorates for each one of those divisions. Having done all that and made all corrections up to date, I prepared a final combined chart for the entire list.

Mr. UNTERMYER. Is that the chart you now have before you ?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Please produce it and spread it out. [The witness produced and exhibited to the committee a chart.] Please explain this chart at length and in detail; first, the principle on which it is prepared; and, secondly, what is meant by the various marks upon it and how these four sides of the chart work into one another.

Mr. SCUDDER. On the left-hand margin of the chart are listed, in order, 18 financial institutions, viz: J. P. Morgan & Co., First National

Bank, Guaranty Trust Co., Bankers Trust Co., National City Bank, Kuhn, Loeb & Co., National Bank of Commerce, Hanover National Bank, Chase National Bank, Astor Trust Co., New York Trust Co., Blair & Co., and Speyer & Co., all the above of New York.

Mr. UNTERMYER. You say you first listed on the left-hand side those 18 institutions and their directors?

Mr. SCUDDER. I was coming to that. Having given the list shown on the left-hand margin, I have placed under the name of each financial institution the firm members or directors in such institution who are also directors in the 152 selected corporations. I have eliminated from this list the individuals, firm members, or directors who are not also directors in any of the 152 corporations, since they would merely add to the size of the chart without furnishing additional information. I have also repeated under each of these institutions the names of firm members or directors who are also firm members or directors in any of the other 18 institutions, so that each institution may be considered by itself.

At the top of the chart I have listed, in the four groups I have described—

Mr. UNTERMYER. Describe them.

Mr. SCUDDER. In the first group, financial institutions, including insurance companies and banks; in the second group, transportation systems, including steamship companies, express companies, and railroad companies; in the third group, producing and trading companies; and in the fourth group, public-utility corporations. This list is repeated at the bottom of the chart for the purposes of convenient reference, and also at the right margin of the chart there is repeated a list of the individual members of the 18 financial institutions.

The interlocking directorates are shown in this way—

Mr. UNTERMYER. Wait a moment; we are going a little too fast. In this list of 18 institutions, have you included out-of-town institutions?

Mr. SCUDDER. I have included, in addition to the New York concerns that I have mentioned, the Continental & Commercial National Bank—

Mr. UNTERMYER. Of where?

Mr. SCUDDER. Of Chicago, the First National Bank of Chicago, the Illinois Trust & Savings Bank of Chicago, Kidder, Peabody & Co., and Lee, Higginson & Co., of Boston.

Mr. UNTERMYER. Have you undertaken in that list on the left-hand side to go beyond these 18 institutions, or have you confined yourself to them?

Mr. SCUDDER. I have confined myself to them.

Mr. UNTERMYER. If so, why?

Mr. SCUDDER. For the simple reason that it would be impossible to include any further information on a chart of this size. In my preliminary chart I did tabulate information concerning other individuals outside these groups.

Mr. UNTERMYER. Did you drop them when you found they had no relation to the subject, or very little?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Are these selected as the 18 important firms and institutions in the financial world of this country?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. In your selection of the trading companies and the insurance companies and manufacturing companies, what process did you employ? What method did you pursue?

Mr. SCUDDER. I selected the largest corporations in each class irrespective of whether they were connected with these financial institutions or not. It was a list made up independently.

Mr. UNTERMYER. Your list of interlocking directors radiates from where? Does it radiate from these financial institutions?

Mr. SCUDDER. Yes, sir. There are horizontal lines drawn across the chart from these individual names of directors or firm members, and there are also lines drawn in a perpendicular direction from the 152 corporations. Where these lines join, the interlocking directors are noted with an "X." For instance, E. T. Stotesbury is a director of the Philadelphia National Bank, that being noted with an "X" at the junction of the line running from "E. T. Stotesbury" with lines running from the Philadelphia National Bank.

At the head of the list of each of the four groups of corporations is a column in which are given the figures showing the total number of directorships of each individual in that group of corporations; and at the right-hand margin is given a column showing the total number of directorships for each individual in all corporations. Horizontal columns are drawn at the bottom of the list of individual members or directors in each of the 18 financial institutions, and in each column are given the total number of directorships of that institution in each of the 152 corporations. These figures all total up in the right-hand margin, so it is possible to prove the accuracy of the work by adding the figures vertically and horizontally to determine the total.

At the bottom of the chart is given a horizontal column showing the total representation of all of these 18 institutions in each of the 152 corporations. That column does not represent an addition of the figures above, since there are many duplications of individual names under the various financial institutions, but it has been carefully checked, and I believe the figures are accurate.

At the bottom of the chart are given statistics for the 152 corporations—namely, for the banks the total resources and total gross deposits; for the insurance companies the total assets; for the railroad companies the total capital stock and funded debt and total mileage operated; for all other corporations the total capital stock, funded debt, and gross income, where obtainable. In some cases in the public utility corporations and the producing and trading companies it would not be possible to obtain the figures for gross income in each system, in which case the space has been left blank.

Mr. UNTERMYER. Do you mean gross income or net income?

Mr. SCUDDER. Gross income. I have so far as possible endeavored to confine the statistics to each system as a whole, irrespective of whether it is controlled by a holding company or whether the entire property is owned by one company.

Mr. UNTERMYER. What are the resources that are represented by these 154 corporations, with respect to which you have this table of interlocking directors?

Mr. SCUDDER. I have to consult my figures.

Mr. UNTERMYER. Perhaps you had better take up the information that is contained in this chart now, in logical order, and tell us just what it is. Start with the 18 financial institutions.

Mr. SCUDDER. The total shows the affiliations of 18 selected financial institutions. Do you wish me to read the list?

Mr. UNTERMYER. No; I think not. You mean it shows the affiliations of the members of those 18 institutions as directors?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. The directors of those 18 institutions?

Mr. SCUDDER. There is one thing I forgot to describe about this chart. Voting trustees in corporations are noted on the chart by a red square. Where the voting trust has expired, the voting trustees are noted with a green square.

Mr. UNTERMYER. Are there any other marks?

Mr. SCUDDER. I think not; no, sir. Of course where an individual is both a voting trustee and a director, the square is drawn around the cross or "X."

Mr. UNTERMYER. In cases in which individuals are officers of a corporation and not directors of it, have you included them as directors?

Mr. SCUDDER. In a few cases; yes, sir.

Mr. UNTERMYER. That is so in the City Bank?

Mr. SCUDDER. In the City Bank there are three vice presidents who are not directors.

Mr. UNTERMYER. Are they included in this list?

Mr. SCUDDER. They are included in this list; yes, sir.

Mr. UNTERMYER. And the table contains a note calling attention to that fact?

Mr. SCUDDER. Yes; I have made a note to that effect.

Mr. UNTERMYER. Just go on and explain this table. May, I ask in that connection, whether all of the directors shown on the table are the individuals who are directors in these 18 financial institutions?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. The whole table is built around these 18 institutions?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Does it show the interrelations of these directors as between themselves?

Mr. SCUDDER. It does; yes, sir.

Mr. UNTERMYER. And the number of corporations in which they are directors, both alone and jointly, with other directors shown on the chart?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. So where a number of directors of these 18 institutions meet in directorates of other institutions that fact is shown on the chart?

Mr. SCUDDER. I did not understand the question, Mr. Untermyer.

Mr. UNTERMYER. Where a number of directors in these 18 financial institutions are found together in other institutions shown on the chart that fact appears?

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

Mr. UNTERMYER. That is, joint directorates?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Will you please proceed to explain the chart in detail and the information that you have gathered from it.

Mr. SCUDDER. The total number of individual names of firm members or directors of the 18 institutions is 180; that is, eliminating all duplications.

Mr. UNTERMYER. But of that 180 what proportion are men who are found in only two institutions?

Mr. SCUDDER. A very large proportion. I have not figured it, but it is a very large proportion of the number.

Mr. UNTERMYER. What number of men does the chart in effect get down to, in bulk?

Mr. SCUDDER. I should say, roughly, 25 or 30.

Mr. UNTERMYER. Twenty-five or thirty of the men who are found together in the bulk of these institutions?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Go ahead, now, with your explanation.

Mr. SCUDDER. In the aggregate, those 180 men hold 385 directorships in 41 banks and trust companies having total resources of \$3,832,000,000 and total deposits of \$2,834,000,000, 50 directorships in 11 insurance companies having total assets of \$2,646,000,000, 155 directorships in 31 railroad systems having a total capitalization of \$12,193,000,000 and a total mileage of 163,200 miles, and 6 directorships in 2 express companies and 4 directorships in 1 steamship company with a combined capitalization of \$245,000,000 and a gross income of \$97,000,000.

I should explain that where the word "capitalization" is used here it is intended to cover both the funded debt and capital stock.

They hold 98 directorships in 28 producing and trading corporations having a total capitalization of \$3,583,000,000 and total gross annual earnings in excess of \$1,145,000,000, 48 directorships in 19 public utilities corporations having a total capitalization of \$2,826,000,000 and total gross annual earnings in excess of \$470,000,000. In all, they hold 746 directorships in 134 corporations having total resources or capitalization of \$25,325,000,000.

Mr. UNTERMYER. Taking up the individuals or the firms shown on the list, state with regard to them.

Mr. SCUDDER. The table further shows that J. P. Morgan & Co., of New York, who are identical with Drexel & Co., of Philadelphia, in firm members, have 23 directorships in 13 banks and trust companies, namely, the following banks and trust companies of New York—

Mr. UNTERMYER. How many directors have J. P. Morgan & Co.? That is, the members of that firm are directors in each of these banks and trust companies in New York which you are about to name?

Mr. SCUDDER. Yes. They have three directorships in the Astor Trust Co., three in the Bankers' Trust Co., two in the Chemical National Bank, three in the First National Bank, three in the Guaranty Trust Co., one in the Liberty National Bank, two in the National Bank of Commerce, one in the National City Bank, one in the New York Trust Co.; and in Philadelphia they have one in the Fourth Street National Bank, one in the Franklin National Bank, one in the Girard Trust Co., and one in the Philadelphia National Bank. All these banks and trust companies have total resources of \$1,406,000,000 and total deposits of \$989,000,000.

Mr. UNTERMYER. How many directors have they in insurance companies?

Mr. SCUDDER. They have four directorships in insurance companies, namely: The Fidelity & Casualty Co., the German-American Insurance Co., the Mutual Life Insurance Co., and the Penn Mutual Life Insurance Co.

Mr. UNTERMYER. You mean one in each company?

Mr. SCUDDER. One director in each company. They also have a controlling stock interest in the Equitable Life Assurance Society, which, with the other insurance companies, have total assets of \$1,249,000,000.

Mr. UNTERMYER. How many directors have they in transportation systems?

Mr. SCUDDER. They have 20 directorships in 12 transportation systems.

Mr. UNTERMYER. How many members of the firm are directors in each of these systems?

Mr. SCUDDER. They have three directorships in the International Mercantile Marine Co., one in the Adams Express Co., one in the Atchison, Topeka & Santa Fe Railway Co., one in the Chicago & Great Western Railway, three in the Erie, two in the Lehigh Valley, one in the New York Central, one in the New York, New Haven & Hartford, three in the Northern Pacific, two in the Pere Marquette, one in the Reading, and one in the Southern Railway.

Mr. UNTERMYER. Is there any voting trust in the Southern Railway?

Mr. SCUDDER. Yes, sir: there is.

Mr. UNTERMYER. Who are the voting trustees?

Mr. SCUDDER. J. P. Morgan is one of the three voting trustees of the Southern Railway Co.

Mr. UNTERMYER. Who are the others?

Mr. SCUDDER. George F. Baker and Charles Lanier.

Mr. UNTERMYER. Mr. Scudder, when you say that J. P. Morgan & Co. own the stock in the Equitable, do you mean J. P. Morgan & Co., or J. P. Morgan personally?

Mr. SCUDDER. It is J. P. Morgan personally.

Mr. UNTERMYER. J. P. Morgan personally?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Who are the two other voting trustees?

Mr. SCUDDER. They are George F. Baker and Charles Lanier.

Mr. UNTERMYER. How long has that voting trust continued? It has been renewed from time to time, has it not?

Mr. SCUDDER. Yes. I have the statistics here.

Mr. UNTERMYER. I would like to know how long the Southern Railway has been under a voting trust.

Mr. SCUDDER. The voting trust was originally created in 1894, at the time of the reorganization, and it extends until terminated by vote of the stockholders.

Mr. UNTERMYER. But has it not been in terms extended from time to time?

Mr. SCUDDER. I do not know about that. I have not the record of that before me.

Mr. UNTERMYER. Do you know who reorganized the Southern Railway?

Mr. SCUDDER. I do not remember now; no, sir.

Mr. UNTERMYER. Have you seen that voting trust agreement? I think we have it here.

Mr. SCUDDER. I have not seen it; no, sir.

Mr. UNTERMYER. You have named the transportation companies in which the firm of J. P. Morgan & Co. have representation and the number of those representatives?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What is the total capitalization represented in those companies, including the funded debt?

Mr. SCUDDER. \$4,379,000,000.

Mr. UNTERMYER. What is the mileage?

Mr. SCUDDER. The mileage of the roads is 48,000, and the gross income of the express and steamship companies is \$72,000,000 gross, annually.

Mr. UNTERMYER. What is their representation in producing and trading corporations?

Mr. SCUDDER. They have 12 directorships in seven producing and trading corporations. They have one directorship in the Baldwin Locomotive Works, two in the General Electric Co., one in the International Agricultural Corporation, two in the International Harvester Co., one in the Pullman Co., four in the United States Steel Corporation, and one in the Westinghouse Electric & Manufacturing Co.

Mr. UNTERMYER. And what is the capitalization?

Mr. SCUDDER. The total capitalization of these companies is \$1,989,000,000, and the gross annual earnings are in excess of \$899,000,000.

Mr. UNTERMYER. What is their representation in the public utility corporations?

Mr. SCUDDER. They have four directorships in three public utility corporations. They have one in the American Telegraph & Telephone Co., two in the Philadelphia Rapid Transit Co., and one in the Public Service Corporation of New Jersey, these companies having a total capitalization of \$1,013,000,000 and gross annual earnings of \$234,000,000.

Mr. UNTERMYER. In how many corporations are the firm of J. P. Morgan & Co. directors?

Mr. SCUDDER. They have 63 directorships in 39 corporations, having total resources or capitalization of \$10,036,000.

Mr. UNTERMYER. You made no investigation, did you, to ascertain what if any connection they had with other corporations, or they have with other corporations, not represented by the official position of directors?

Mr. SCUDDER. No, sir; not in connection with this chart, except where I have inserted voting trustees.

Mr. UNTERMYER. In what corporations are J. P. Morgan or members of his firm represented in voting trusts?

Mr. SCUDDER. J. P. Morgan & Co. have two of the three voting trustees of the Guaranty Trust Co., of New York, and one of the three voting trustees of the Bankers Trust Co. of New York. They had two until George W. Perkins retired from Morgan & Co. and was succeeded as one of such trustees by an attorney of the trust company.

Mr. UNTERMYER. What is the name of the gentleman who succeeded him? It is Mr. George B. Case, is it not?

Mr. SCUDDER. George B. Case; yes, sir.

Mr. UNTERMYER. Of the law firm of White & Case?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Is there anything in the data that you have collected showing what, if any, relations he has with any of the voting trustees?

Mr. SCUDDER. Mr. Case?

Mr. UNTERMYER. Yes. Is there anything in the data that you recall now?

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

Mr. UNTERMYER. In what other voting trusts are the firm of J. P. Morgan & Co. represented?

Mr. SCUDDER. They have one of the voting trustees of the Chicago Great Western, two of the five voting trustees of the International Mercantile Marine Co., one of the three voting trustees of the Southern Railway, one of the five voting trustees of the International Agricultural Corporation, one each of the voting trustees of the expired voting trusts for stock of the International Harvester Co.—which expired last August—of the Northern Pacific Railway, of the Reading Co., and of the Erie Railroad.

Mr. UNTERMYER. Have you figured the total resources of the companies in which members of the Morgan firm are represented on the voting trust?

Mr. SCUDDER. No, sir; I have not. It will take just a minute to make the calculation.

Mr. UNTERMYER. But you know the relations that the other voting trustees bear to them in this voting trust?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. What are they?

Mr. SCUDDER. In the case of the Guaranty Trust Co., in which J. P. Morgan & Co. have two voting trustees, the third is George F. Baker, of the First National Bank. In the case of the Bankers Trust Co. Mr. Davison, of Morgan & Co., is a voting trustee, and Mr. Case, as already testified to. The third is D. G. Reid, of the First National Bank. In the case of the Mercantile Marine Co. the five voting trustees are Mr. Morgan and Mr. Steele, of J. P. Morgan & Co., P. A. B. Widener, J. Bruce Ismay, and W. J. Pirrie, of England.

In the case of the International Agricultural Corporation the five voting trustees are Thomas W. Lamont of J. P. Morgan & Co. and W. Schmidtman, J. W. Fry, William N. Shaw, and J. du P. White.

Mr. UNTERMYER. Did you examine to see whether there had been any change in the directorates of any of these companies after the expiration of the voting trust, or whether the companies had gone on with the same directors that had been designated by the voting trustees when they had the power to designate the directors?

Mr. SCUDDER. I believe in general the directorates have changed very little after the expiration of the voting trust.

Mr. UNTERMYER. So that the directors who were named by the voting trustees have continued to be in control of these corporations?

Mr. SCUDDER. They have continued in practical control of the corporations.

Mr. UNTERMYER. Tell us who were the voting trustees in the Northern Pacific and in the Reading?

Mr. SCUDDER. In the Northern Pacific Railway Co. the voting trustees were J. P. Morgan, George Siemens, August Belmont, Johnston Livingstone, and Charles Lanier.

Mr. UNTERMYER. J. P. Morgan reorganized that company?

Mr. SCUDDER. I have not got the statistics as to that before me.

Mr. UNTERMYER. Now, as to the Reading Co.

Mr. SCUDDER. The voting trustees of the Reading Co. were J. P. Morgan, F. P. Olcott, and H. N. Paul.

Mr. UNTERMYER. Was Mr. Morgan the chairman in each of those cases?

Mr. SCUDDER. I believe he was.

Mr. UNTERMYER. You do not know who was the reorganization manager?

Mr. SCUDDER. I have no statistics about that before me.

Mr. UNTERMYER. Now, let us take up the question of what the chart shows as to the individuals who were directors of the First National Bank, with respect to their relations as directors to other corporations shown on the chart.

Mr. SCUDDER. In all, the First National Bank have 89 directorships in 48 corporations, having total assets or capitalization of \$11,393,000,000. In the case of the banks and trust companies, they have one directorship in the United States Trust Co. of New York, three in the New York Trust Co., three in the National Bank of Commerce of New York, two in the Liberty National Bank of New York, one in the Hanover National Bank of New York, three in the Guaranty Trust Co. of New York, one in the Farmers Loan & Trust Co. of New York, one in the Chemical National Bank of New York, five in the Chase National Bank of New York, five in the Bankers Trust Co. of New York, four in the Astor Trust Co. of New York, two in the Illinois Trust & Savings Bank of Chicago, one in the First Trust & Savings Bank of Chicago, and one in the First National Bank of Chicago, those banks having resources of \$1,557,000,000, and total deposits of \$1,181,000,000.

Mr. UNTERMYER. Go on, will you, Mr. Scudder?

Mr. SCUDDER. I have the figures here for the resources and capitalization of the concerns in which J. P. Morgan & Co. are voting trustees. They amount in all to \$1,192,000,000.

The First National Bank have five directorships in five insurance companies; namely, the New York Life Insurance Co., the Mutual Life Insurance Co., the Equitable Life Assurance Society, the Continental Insurance Co., and the American Surety Co., they having one trustee in each. These companies have total resources or assets of \$1,819,000,000.

The First National Bank has 26 directorships in 12 railroad systems, namely, two directors in the Southern Railway, one in the Seaboard Air Line, one in the Reading, four in the Northern Pacific, two in the New York, New Haven & Hartford, two in the New York Central, two in the Lehigh Valley, one in the Great Northern, one in the Erie Railroad Co., four in the Delaware, Lackawanna & Western, four in the Rock Island Co. and Chicago, Rock Island & Pacific Railway, and two in the Chicago, Burlington & Quincy, these companies having total resources of \$4,643,000,000 and total mileage of 61,400.

The First National Bank has one director in one express company, the Adams Express Co., which has total resources of \$48,000,000 and gross annual income of \$33,000,000. It has 19 directorships in 13 producing and trading corporations, namely, one in the Westinghouse Electric & Manufacturing Co., three in the United States Steel Corporation, one in the United States Rubber Co., three in the Pullman Co., two in the National Biscuit Co., one in the Lackawanna Steel Co., one in the International Harvester Co., one in the International Agricultural Corporation, one in the General Electric Co., one in the Baldwin Locomotive Works, one in the American Car & Foundry Co., two

in the American Can Co., and one in the American Agricultural Chemical Co.

These companies have total resources of \$2,435,000,000 and gross assets in excess of \$1,020,000,000.

The First National Bank has five directorships in three public-utility corporations, three in the American Telephone & Telegraph Co., one in the Commonwealth Edison Co., and one in the Consolidated Gas Co., these companies having a total capitalization of \$891,000,000 and total gross annual earnings of \$242,000,000.

Mr. UNTERMYER. Do the directorships indicate the total interests of these people in these institutions?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. They have interests other than those shown by their interests as trust companies?

Mr. SCUDDER. Oh, yes; in many cases they have other interests.

Mr. UNTERMYER. That would not be shown?

Mr. SCUDDER. For instance, among the public utility corporations in which J. P. Morgan & Co. have representation on the board of directors the Interborough Rapid Transit is not included.

Mr. UNTERMYER. Is not included?

Mr. SCUDDER. No. Which is because there are no actual members who are directors.

Mr. UNTERMYER. They have relations?

Mr. SCUDDER. They have relations, as they have with the International Traction Co.

Mr. UNTERMYER. And with a number of others?

Mr. SCUDDER. And with a number of others; yes, sir.

Mr. UNTERMYER. You are discussing now only the question of directors?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. That makes a total of how many directorships?

Mr. SCUDDER. 89 directorships, in 48 corporations which have total assets of \$11,393,000,000.

Mr. UNTERMYER. What about the representation by the directors of the First National Bank as voting trustees?

Mr. SCUDDER. They have one of the five voting trustees of the International Agricultural Corporation, one of the five of the International Mercantile Marine Co., two of the three voting trustees of the Chicago Great Western, two of the three voting trustees of the Southern Railway, one of the three voting trustees of the Bankers Trust Co., two of the three voting trustees of the Guaranty Trust Co., and also one each of the voting trustees in the expired voting trusts of stock of the Erie Railroad, the Reading Co., the Northern Pacific Railway, and the St. Louis & San Francisco Co.

The CHAIRMAN. The committee will now take a recess until 2 o'clock.

At 1 o'clock p. m. the subcommittee took a recess until 2 o'clock p. m.

## AFTER RECESS.

The subcommittee met, pursuant to the taking of the recess, at 2 o'clock p. m.

## TESTIMONY OF PHILIP J. SCUDDER—Continued.

Mr. UNTERMYER. Will you proceed now, Mr. Scudder, with the statement of the meaning and application of this chart? I think you were reviewing the relations of the First National Bank.

Mr. SCUDDER. I completed that, I believe.

Mr. UNTERMYER. Will you take up the relations of the Guaranty Trust Co.—and when I say the Guaranty Trust Co. I mean the individuals who are directors of the Guaranty Trust Co.—with directorates in the other companies shown on the chart?

Mr. SCUDDER. Yes, sir.

The table shows that the Guaranty Trust Co. of New York has 63 directorships in 19 banks and trust companies.

Mr. UNTERMYER. You do not mean the Guaranty Trust Co. has those directorships; you mean the individuals who happen to be directors in the Guaranty Trust Co. are directors in a given number of other corporations?

Mr. SCUDDER. Yes, sir; there are 63 common directorships.

Mr. UNTERMYER. That applies to your previous testimony, does it not? When you said as to banks and trust companies that you were giving the number of directors in other institutions, you meant individuals who are directors in the Bankers Trust Co., for instance, who are directors in a given number of other institutions?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Please proceed with the explanation.

Mr. SCUDDER. Of these 63 directors in 19 banks and trust companies, there are 1 in the United States Mortgage & Trust Co. of New York, 1 in the United States Trust Co., 1 in the Union Trust Co. (these are all New York institutions), 1 in the National City Bank, 12 in the National Bank of Commerce, 4 in the Mechanics & Metals National Bank, 5 in the Liberty National Bank, 3 in the First National Bank, 2 in the Farmers Loan & Trust Co., 1 in the Equitable Trust Co., 4 in the Chemical National Bank, 2 in the Chase National Bank, 1 in the Central Trust Co., 9 in the Bankers Trust Co., 11 in the Astor Trust Co., and 1 in the American Exchange National Bank; all of these being of New York.

There are one in the Philadelphia National Bank, two in the Girard Trust Co., and one in the Franklin National Bank, all of Philadelphia.

These banks have total resources of \$1,910,000,000, and total deposits of \$1,385,000,000.

Mr. UNTERMYER. Let us pause for a moment there.

What is the total number of directors of the Guaranty Trust Co.?

Mr. SCUDDER. The total number of directors named is 29. That does not include the total directorate.

Mr. UNTERMYER. Those are the directors of that company that are shown upon the chart as being directors of other corporations?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. And of those 29 directors, you say 12 are also directors in the Bank of Commerce?

Mr. SCUDDER. Twelve in the National Bank of Commerce.

Mr. UNTERMYER. And 11 are also directors in the Astor Trust Co.?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. How many directors has the Astor Trust Co.?

Mr. SCUDDER. The Astor Trust Co. has 29 directors.

Mr. UNTERMYER. How many directors has the National Bank of Commerce?

Mr. SCUDDER. The National Bank of Commerce has 38.

Mr. UNTERMYER. Will you now proceed with your statement of the interlocking directors of the Guaranty Trust Co.?

Mr. SCUDDER. There are 24 directorships in 7 insurance companies, including 10 in the American Surety Co., 2 in the Continental Insurance Co., 5 in the Equitable Life Assurance Society, 1 in the Fidelity & Casualty Co., 1 in the Home Insurance Co., 4 in the Mutual Life Insurance Co., and 1 in the Northwestern Mutual Life Insurance Co.

Mr. UNTERMYER. What is the total directorate of the American Surety Co.?

Mr. SCUDDER. Fifty-four.

Mr. UNTERMYER. What are the total assets of these insurance companies?

Mr. SCUDDER. The total assets of these insurance companies are \$1,452,000,000.

Mr. UNTERMYER. Now, state as to the transportation companies.

Mr. SCUDDER. There are 39 common directorships in 25 transportation systems, including 1 in the Wabash, 2 in the Union Pacific, 2 in the Southern Pacific, 2 in the Seaboard Air Line, 1 in the Reading, 1 in the Pere Marquette, 2 in the Pennsylvania, 2 in the Northern Pacific, 1 in the Norfolk & Western, 2 in the New York, New Haven & Hartford, 2 in the New York Central, 2 in the Missouri Pacific, 2 in the Lehigh Valley, 2 in the Illinois Central, 2 in the Erie, 2 in the Denver & Rio Grande, 1 in the Delaware, Lackawanna & Western, 1 in the Delaware & Hudson, 1 in the Chicago, Rock Island & Pacific Railway and Rock Island Co., 1 in the Chicago & North Western, 1 in the Chicago, Milwaukee & St. Paul, 1 in the Chicago Great Western, 1 in the Chicago, Burlington & Quincy, 1 in the Baltimore & Ohio, and 3 in the Atchison, Topeka & Santa Fe.

These companies have a total capitalization of \$10,241,000,000, and a total mileage of 131,200.

Mr. UNTERMYER. What representation have persons who are directors in the Guaranty Trust Co. also in the express companies?

Mr. SCUDDER. They have one director each in the Wells-Fargo Express Co. and the Adams Express Co., having a total capitalization of \$72,000,000 and gross annual earnings of \$58,000,000.

Mr. UNTERMYER. State the representation, now, of persons who are directors of the Guaranty Trust Co., as directors in producing and trading companies.

Mr. SCUDDER. There are 24 common directorships in 16 producing and trading companies, including 2 in the Westinghouse Electric & Manufacturing Co., 3 in the United States Steel Corporation, 1 in the Pullman Co., 1 in the Lackawanna Steel Co., 1 in the International Paper Co., 1 in the International Nickel Co., 1 in the International Harvester Co., 3 in the International Agricultural Corporation, 2 in the Intercontinental Rubber Co., 1 in the Colorado Fuel & Iron Co., 2 in the Baldwin Locomotive Works, 1 in the American Sugar Refin-

ing Co., 1 in the American Smelting & Refining Co., 1 in the American Locomotive Co., 2 in the American Can Co. and 1 in the Amalgamated Copper Co.

These companies have a total capitalization of \$2,757,000,000, and total gross annual earnings of \$963,000,000.

Mr. UNTERMYER. What is the representation of these directors in the directorates of public utility companies?

Mr. SCUDDER. There are eight common directorships in six public utility corporations, including one in the Philadelphia Co. of Pittsburgh, two in the New York Railways Co., one in the International Traction Co. of Buffalo, one in the Interborough-Metropolitan Co., one in the Consolidated Gas Co., and two in the American Telephone & Telegraph Co.

These companies have a total capitalization of \$910,000,000, and gross annual earnings of \$302,000,000.

Mr. UNTERMYER. Summarizing the statement of those who are directors in the Guaranty Trust Co. as to their representation in these other companies, how does the amount foot up and what is the total?

Mr. SCUDDER. It shows a total of 160 common directorships in 76 companies, having total assets or capitalization of \$17,342,000,000.

Mr. UNTERMYER. Are there any persons directors of the Guaranty Trust Co. who are also voting trustees in any of the great corporate enterprises? If so, so what extent?

Mr. SCUDDER. Yet, sir. They have one voting trustee in each of the following voting trusts:

The Interborough-Metropolitan Co., the International Argicultural Corporation, the International Nickel Co., the Chicago Great Western Railway, and the Southern Railway Co. There are two voting trustees each in the voting trusts of the Intercontinental Rubber Co. and the Bankers Trust Co.

Mr. UNTERMYER. Are they still pending and existing voting trusts?

Mr. SCUDDER. They are still in force; yes, sir.

Mr. UNTERMYER. What is the situation so far as concerns the representation of persons who are directors of the Bankers Trust Co. in other large corporate institutions included within the list shown on the chart?

Mr. SCUDDER. They have 59 common directorships in 19 banks and trust companies.

Mr. UNTERMYER. What do you mean by "common directorships"?

Mr. SCUDDER. I mean directors of the Bankers Trust Co. are also directors in these various corporations.

Mr. UNTERMYER. In other institutions shown on the chart?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Proceed with your statement.

Mr. SCUDDER. There are one in the Illinois Trust & Savings Bank of Chicago, one in the Fourth National Bank of Philadelphia, one in the Franklin National Bank of Philadelphia, and one in the Girard Trust Co. of Philadelphia.

The following are all New York banks and trust companies:

Fourteen in the Astor Trust Co., one in the Bank of Manhattan Co., three in the Chase National Bank, three in the Chemical National Bank, one in the Corn Exchange Bank, one in the Equitable Trust Co., five in the First National Bank, one in the Fourth National Bank, nine in the Guaranty Trust Co., one in the Hanover National

Bank, seven in the Liberty National Bank, two in the Mechanics & Metals National Bank, four in the National Bank of Commerce, one in the National Park Bank, and two in the United States Mortgage & Trust Co.

These banks and trust companies have total resources of \$1,754,000,000 and total deposits of \$1,229,000,000.

Mr. UNTERMYER. How many directors of the Bankers Trust Co. are also directors in insurance companies?

Mr. SCUDDER. There are 10 directorships in 7 insurance companies, namely, 3 in the American Surety Co., 1 in the Continental Insurance Co., 2 in the Equitable Life Assurance Society, 1 in the Fidelity & Casualty Co., 1 in the Mutual Life Insurance Co., 1 in the New York Life Insurance Co., and 1 in the Northwestern Mutual Life Insurance Co., these companies having total assets of \$2,119,000,000.

Mr. UNTERMYER. How many of the persons who are directors in the Bankers Trust Co. are directors in transportation systems?

Mr. SCUDDER. There are 15 common directorships in 11 transportation systems, viz, 1 in the Atchison, Topeka & Santa Fe Railroad, 1 in the Chicago & Great Western Railroad, 3 in the Chicago, Rock Island & Pacific Railway & Rock Island Co., 1 in the Denver & Rio Grande Railway, 1 in the Lehigh Valley Railroad Co., 1 in the Missouri Pacific Railroad Co., 1 in the New York, New Haven & Hartford Railway, 1 in the Northern Pacific Railroad Co., 2 in the Pennsylvania Railroad Co., 1 in the Pere Marquette Railway Co., and 2 in the Seaboard Air Line, these companies having a total capitalization of \$4,231,000,000 and a total mileage of 55,000.

Mr. UNTERMYER. How many of the individual directors in the Bankers Trust Co. are also directors in producing and trading companies?

Mr. SCUDDER. There are 23 common directorships in 13 producing and trading companies, namely, 1 in the American Agricultural Chemical Co., 1 in the American Beet Sugar Co., 3 in the American Can Co., 1 in the American Car & Foundry Co., 1 in the American Locomotive Co., 3 in the Baldwin Locomotive Works, 3 in the International Agricultural Corporation, 2 in the International Nickel Co., 2 in the International Paper Co., 1 in the National Biscuit Co., 1 in the United States Rubber Co., 2 in the United States Steel Co., and 2 in the Westinghouse Electric & Manufacturing Co., these companies having a total capitalization of \$2,150,000,000 and total gross annual earnings of \$840,000,000.

Mr. UNTERMYER. How many of the individual directors in the Bankers Trust Co. are also directors in public utility corporations?

Mr. SCUDDER. There are 6 directors in 5 public utility corporations, namely, 1 in the Philadelphia Co., 1 in the International Traction Co., 2 in the American Telephone & Telegraph Co., 1 in the American Light & Traction Co., and 1 in the United Gas Improvement Co., these companies having a total capitalization of \$930,000,000 and total gross annual earnings of \$205,000,000.

Mr. UNTERMYER. In making up this chart, what sort of discrimination did you use in the exclusion of corporations from the chart? What plan did you pursue?

Mr. SCUDDER. I picked out the largest corporations in each class.

Mr. UNTERMYER. Only the largest?

Mr. SCUDDER. The largest and most important corporations.

Mr. UNTERMYER. And the rest you eliminated?

Mr. SCUDDER. The rest I eliminated.

Mr. UNTERMYER. Did you determine upon the largest corporations by the business they were doing, or by their capital or their resources, or in what way?

Mr. SCUDDER. By the combination of the two—the combination of the property they owned plus the business that they did.

Mr. UNTERMYER. Did you make up this map or chart with any idea of simply reflecting given interests in the board, or did you take the largest industries in the business without regard to what might be the result?

Mr. SCUDDER. I took the largest corporations in each group.

Mr. UNTERMYER. Had you any instructions on the subject at all, or did you exercise your own judgment?

Mr. SCUDDER. Those were my instructions, to pick out the largest.

Mr. UNTERMYER. You took the largest concerns in each industry without regard to what the showing might be?

Mr. SCUDDER. Without regard to their interests, yes, sir.

Mr. UNTERMYER. How does this arrangement of the Bankers Trust Co. summarize so far as concerns directors of the Bankers Trust Co. who are also directors in other institutions?

Mr. SCUDDER. They have 113 common directorships in 55 companies having a total capitalization or resources of \$11,184,000,000.

Mr. UNTERMYER. When you say "capitalization or resources," do you include funded debt in capitalization?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. That is, you took all the resources?

Mr. SCUDDER. I explained that this morning. "Capitalization" includes both stock and debt.

Mr. UNTERMYER. Are any of the directors of the Bankers Trust Co. voting trustees in others of the corporations shown on the chart? If so, to what extent?

Mr. SCUDDER. Yes, sir; they have one voting trustee each in the voting trusts for the International Agricultural Corporation and the International Nickel Co. They have two voting trustees each in the voting trusts for the Intercontinental Rubber Co. and the Guaranty Trust Co.

Mr. UNTERMYER. This data is necessarily to some extent duplicated here in the various companies?

Mr. SCUDDER. Oh, yes.

Mr. UNTERMYER. Some of these various individuals appear frequently in the same capacity under the heads of different companies?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. For instance, if a man is a voting trustee in the Guaranty Trust Co. and also in the Bankers Trust Co., the same person would be duplicated in your description of the relations of each of these companies, would he not?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Will you take up the National City Bank, now, and tell us how many directors of that bank are also directors in other banks and trust companies shown on the chart?

Mr. SCUDDER. The National City Bank has 32 directorships in 16 banks and trust companies, namely, 1 in the Central Trust Co. of

Chicago, 3 in the Continental & Commercial National Bank of Chicago, 1 in the Continental & Commercial Trust and Savings Bank of Chicago, 1 in the Merchants' Loan & Trust Co. of Chicago, 1 in the Mellon National Bank of Pittsburgh, 1 in the Union Trust Co. of Pittsburgh, 1 in the American Security & Trust Co. of Washington, 1 in the Riggs National Bank of Washington, 1 in the Bank of Manhattan Co. of New York, 1 in the Central Trust Co. of New York, 9 in the Farmers' Loan & Trust Co. of New York, 1 in the Guaranty Trust Co., 1 in the Hanover National Bank, 3 in the National Bank of Commerce, 3 in the New York Trust Co., and 3 in the United States Trust Co., these companies having total resources of \$1,532,000,000 and total deposits of \$1,130,000,000.

Mr. UNTERMYER. Are any of the directors of that bank also directors in insurance companies?

Mr. SCUDDER. Yes, sir; they have 1 director in the Mutual Life Insurance Co. of New York which has total assets of \$587,000,000.

Mr. UNTERMYER. How many of the City Bank's directors are directors in railroad corporations?

Mr. SCUDDER. They have 28 directorships in 17 railroad companies, namely, 1 in the Atchison, Topeka & Santa Fe, 1 in the Baltimore & Ohio, 1 in the Chesapeake & Ohio, 3 in the Chicago, Milwaukee & St. Paul, 3 in the Chicago & North Western, 5 in the Delaware, Lackawanna & Western, 1 in the Illinois Central, 1 in the Missouri, Kansas & Texas, 2 in the New York Central & Hudson River, 1 in the New York, New Haven & Hartford, 1 in the Norfolk & Western, 1 in the Northern Pacific, 1 in the Pennsylvania, 1 in the Reading Co., 1 in the Seaboard Air Line, 2 in the Southern Pacific, and 2 in the Union Pacific, these companies having a total capitalization of \$8,308,000,000 and a total mileage of 100,400.

Mr. UNTERMYER. How many of their directors are directors in steamship companies?

Mr. SCUDDER. They have 1 director in the International Mercantile Marine Co., which has a total capitalization of \$173,000,000 and total gross annual earnings of \$39,000,000.

Mr. UNTERMYER. How many of the individual directors in the National City Bank are also directors in producing and trading companies?

Mr. SCUDDER. They have 15 directorships in 9 producing and trading companies, namely, 1 in the Amalgamated Copper Co., 2 in the American Sugar Refining Co., 2 in Armour & Co., 1 in the Baldwin Locomotive Works, 1 in the Central Leather Co., 1 in the Inter-Continental Rubber Co., 1 in the International Harvester, 4 in the Lackawanna Steel, and 2 in the United States Steel Corporation, these companies having a total capitalization of \$2,211,000,000 and total gross annual earnings in excess of \$812,000,000.

Mr. UNTERMYER. And how many are directors in public-utility companies?

Mr. SCUDDER. They have 9 directorships in 3 public-utility companies, namely, 2 in the Chicago Elevated Railways, 6 in the Consolidated Gas Co., and 1 in the New York Railways Co., these companies having a total capitalization of \$394,000,000 and total gross annual earnings of \$72,000,000. They have 86 common directorships in 47 corporations, with total resources or capitalization of \$13,205,000,000.

Mr. UNTERMYER. Are any of the members of the board of directors of the City Bank voting trustees in any of the corporations shown on the chart?

Mr. SCUDDER. Yes, sir. They have one voting trustee for the International Harvester Co.

Mr. UNTERMYER. But that voting trust has expired, has it not?

Mr. SCUDDER. That has expired. It expired last August.

Mr. UNTERMYER. Have you investigated to see whether the directorate of that company has been changed since the expiration of the voting trust?

Mr. SCUDDER. I have not investigated that matter; no, sir.

Mr. UNTERMYER. Now, will you take the relations of Kuhn, Loeb & Co. to the various corporations that are shown on the chart?

Mr. SCUDDER. Kuhn, Loeb & Co. have 7 directorships in 6 banks and trust companies, viz, 1 in the Central Trust Co., 1 in the Equitable Trust, 1 in the Fourth National Bank, 1 in the National Bank of Commerce, 1 in the National City Bank, and 2 in the United States Mortgage & Trust Co., these companies and banks having a total capitalization of \$810,000,000 and total gross annual earnings of \$530,000,000.

Mr. UNTERMYER. Have they any directors in any insurance companies?

Mr. SCUDDER. They have one director in the American Surety Co., which has total assets of \$8,000,000.

Mr. UNTERMYER. How many directors have they in railroad companies?

Mr. SCUDDER. Five directors in three railroad systems, namely, one in the Baltimore & Ohio, two in the Southern Pacific, and two in the Union Pacific, which systems have a total mileage of 21,000 and a total capitalization of \$2,101,000,000.

One director in one express company, namely, Wells, Fargo & Co., having a total capitalization of \$24,000,000 and total gross annual earnings of \$25,000,000.

Mr. UNTERMYER. Which of the directors of Kuhn, Loeb & Co., or how many, are directors in producing and trading companies?

Mr. SCUDDER. They have one director in the Westinghouse Electric & Manufacturing Co., which has a total capitalization of \$68,000,000 and gross income of \$34,000,000.

Mr. UNTERMYER. What is the total of the members of that firm who are directors in corporations on this list?

Mr. SCUDDER. They have in all 15 directorships, in 12 corporations, with total assets or capitalization of \$3,011,000,000.

The table last referred to was marked "Exhibit 134-A, December 18, 1912," and will be found at the end of the proceedings of December 19, 1912.

Mr. UNTERMYER. Did you prepare, in addition to the table that is now before you, another table confined to three or four of these banking institutions, showing the interlocking directorates?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Where is that?

The witness produced another table which was marked "Exhibit 134-B, December 18, 1912," and will be found at the end of the proceedings of December 19, 1912.

Mr. UNTERMYER. Is that extracted from the large table?

Mr. SCUDDER. Yes, sir; the statistics are taken from the large table.

Mr. UNTERMYER. Tell us what the small table is.

Mr. SCUDDER. The small table is on the same plan as the large table, except that it is confined to five banking institutions, viz: J. P. Morgan & Co., the Guaranty Trust Co., the Bankers Trust Co., the First National Bank, and the National City Bank, all of New York; and in addition to the information given on the other table, it includes columns giving the total representation by directors of J. P. Morgan & Co., the Guaranty Trust Co., and the Bankers' Trust Co., combined, and also of those three financial institutions with the First National Bank combined, and also of all the five named financial institutions combined.

Mr. UNTERMYER. Excluding for the moment from that list the City Bank, and taking as the basis only the four, J. P. Morgan & Co., the Guaranty Trust Co., the Bankers' Trust Co., and the First National Bank, what results do you get as to interlocking directors? Can you not get it from here?

Mr. SCUDDER. Oh, I can get it from there; yes, sir. I thought I had it in the statistics.

Mr. UNTERMYER. Have you it aggregated there?

Mr. SCUDDER. I can get it.

Mr. UNTERMYER. You have it there in the explanation?

Mr. SCUDDER. Yes, I think I have it here. I was looking for the original sheet.

Mr. UNTERMYER. You had better get it there, at the end of the book.

Mr. SCUDDER. Yes, sir; I have it.

Mr. UNTERMYER. Please give it.

Mr. SCUDDER. The table shows that J. P. Morgan & Co., the First National Bank, the National City Bank—oh, you want to show the first three together?

Mr. UNTERMYER. No, you are right about that. I want to exclude the National City Bank; that is all.

Mr. SCUDDER. You wish to exclude the National City Bank? J. P. Morgan & Co., the Guaranty Trust Co., the Bankers Trust Co., and the First National Bank have 89 directorships in various banks and trust companies, 29 directorships in insurance companies, 78 directorships in transportation systems, 49 directorships in producing and trading corporations, and 16 directorships in public utility corporations; in all, 261 directorships.

Mr. UNTERMYER. In how many corporations?

Mr. SCUDDER. In 98 altogether.

Mr. UNTERMYER. In 98 corporations?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. Now, please take up the National Bank of Commerce, and tell the committee how many directors of the National Bank of Commerce are directors in others of the banks and trust companies shown on the large chart.

Mr. SCUDDER. They have 57 directorships in 22 banks and trust companies, viz, 1 in the Illinois Trust & Savings Bank, Chicago; 1 in the Merchants Loan & Trust Co., Chicago; 1 in the Girard Trust Co., Philadelphia; 1 in the Mellon National Bank, Pittsburgh; 1 in the

Union Trust Co., Pittsburgh; 1 in the American Security & Trust Co., of Washington; 1 in the Riggs National Bank of Washington; 1 in the American Exchange National Bank, New York; 6 in the Astor Trust Co., of New York; 4 in the Bankers Trust Co., 4 in the Central Trust Co., 3 in the Chase National Bank, 2 in the Chemical National Bank, 4 in the Equitable Trust Co., 3 in the Farmers' Loan & Trust Co., 3 in the First National Bank, 12 in the Guaranty Trust Co., 3 in the Liberty National Bank, 1 in the Mechanics & Metals National Bank, 2 in the National City Bank, 1 in the United States Mortgage & Trust Co., and 1 in the United States Trust Co., which companies have total resources of \$2,110,000,000 and total deposits of \$1,567,000,000.

Mr. UNTERMYER. How many of their directors are also directors in insurance companies?

Mr. SCUDDER. They have 21 directorships in 9 insurance companies, namely, 8 in the American Surety Co., 1 in the Continental Insurance Co., 3 in the Equitable Life Assurance Society, 1 in the German-American Insurance Co., 1 in the Home Insurance Co., 1 in the Metropolitan Life Insurance Co., 4 in the Mutual Life Insurance Co., 1 in the New York Life Insurance Co., and 1 in the Northwestern Mutual Life Insurance Co., which companies have total assets of \$2,509,000,000.

Mr. UNTERMYER. How many of the directors of the Bank of Commerce are also directors in the great railroad systems of the country?

Mr. SCUDDER. There are 36 directorships in 23 railroad companies, namely, 2 in the Atchison, Topeka & Santa Fe, 1 in the Baltimore & Ohio, 1 in the Chesapeake & Ohio, 1 in the Chicago, Burlington & Quincy, 1 in the Chicago, Rock Island & Pacific & Rock Island Co., 1 in the Delaware & Hudson, 1 in the Delaware, Lackawanna & Western, 1 in the Denver & Rio Grande, 2 in the Erie, 3 in the Illinois Central, 1 in the Lehigh Valley, 1 in the Missouri, Kansas & Texas, 1 in the Missouri Pacific, 1 in the New York Central & Hudson River, 1 in the New York, New Haven & Hartford, 1 in the Norfolk & Western, 1 in the Northern Pacific, 2 in the Reading Co., 2 in the Seaboard Air Line, 3 in the Southern Pacific, 2 in the Southern Railway, 3 in the Union Pacific, and 3 in the Wabash, which have a total capitalization of \$8,901,000,000 and a total mileage of 111,200.

Mr. UNTERMYER. How many in steamship companies?

Mr. SCUDDER. One director in the International Mercantile Marine Co., having total capitalization of \$173,000,000 and total gross income of \$39,000,000. They have four directors in two express companies, namely, one in the Wells-Fargo and three in the Adams Express Co., having a total capitalization of \$72,000,000 and total gross earnings of \$58,000,000.

Mr. UNTERMYER. How many in producing and trading companies?

Mr. SCUDDER. Twenty directorships in 17 producing and trading companies, namely, 1 in the American Can Co., 1 in the American Locomotive Co., 1 in the American Smelting & Refining Co., 1 in the American Sugar Refining Co., 1 in the Baldwin Locomotive Works, 1 in the Colorado Fuel & Iron Co., 1 in the Intercontinental Rubber Co., 1 in the International Agricultural Corporation, 1 in the International Harvester Co., 1 in the International Paper Co., 2 in the Lackawanna Steel Co., 1 in the National Biscuit Co., 1 in the Pullman Co., 1 in the United States Rubber Co., 2 in the United States Steel Corporation, 1 in the Virginia-Carolina Chemical Co., and 2 in the Westinghouse Electric & Manufacturing Co.

Mr. UNTERMYER. What is the summary of the directorates held by directors of the Bank of Commerce in other corporations shown on the chart?

Mr. SCUDDER. One hundred and forty-nine directorships in 82 companies with total assets or capitalization of \$18,165,000,000.

Mr. UNTERMYER. Are there any of the directors of the Bank of Commerce who are also voting trustees in corporations shown on the chart?

Mr. SCUDDER. Yes, sir; there are two voting trustees for the Guaranty Trust Co., two for the Southern Railway Co., one voting trustee for the Bankers Trust Co., one for the Chicago Great Western, one for the Interborough-Metropolitan Co., and two voting trustees in the Intercontinental Rubber Co. They also had one voting trustee in the expired voting trust of the Northern Pacific.

Mr. UNTERMYER. Take up the Chase Bank.

Mr. SCUDDER. The Chase National Bank has 22 directorships in 10 banks and trust companies, namely, 1 in the First National Bank of Chicago, 1 in the Illinois Trust & Savings Bank of Chicago, 3 in the Bankers Trust Co. of New York, 1 in the Farmers Loan & Trust Co. of New York, 2 in the Guaranty Trust Co. of New York, 1 in the First Trust & Savings Bank of Chicago, 3 in the Astor Trust Co. of New York, 5 in the First National Bank of New York, 2 in the Liberty National Bank of New York, and 3 in the National Bank of Commerce of New York.

Mr. UNTERMYER. How many directors are there of the Chase National Bank?

Mr. SCUDDER. There are nine directors in all of the Chase National Bank.

Mr. UNTERMYER. Of what other banking institutions shown on the list are those nine directors also directors?

Mr. SCUDDER. They are also directors of the Astor Trust Co., the Bankers Trust Co., the Farmers Loan & Trust Co., the First National Bank, the Guaranty Trust Co., the National Bank of Commerce, and of the First National Bank and the Illinois Trust & Savings Bank of Chicago.

Mr. UNTERMYER. That was not exactly what I wanted to ask. How many of the nine directors of the Chase Bank are in other institutions?

Mr. SCUDDER. Eight.

Mr. UNTERMYER. Those eight are in what institutions?

Mr. SCUDDER. George F. Baker is in the First National Bank, and so are George F. Baker, jr., A. P. Hepburn, J. J. Hill, and F. L. Hine. A. H. Wiggin is in the Guaranty Trust Co. Those five are all in the First National Bank, and A. H. Wiggin is in the Guaranty Trust Co.

Mr. UNTERMYER. There are five of the nine directors of the Chase Bank who are also directors in the First National Bank?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. How many directors of the Chase Bank are there who are directors in the Guaranty Trust Co.?

Mr. SCUDDER. Two.

Mr. UNTERMYER. There are two of the nine in the Guaranty Trust Co.; and how many in the Bankers Trust Co.?

Mr. SCUDDER. There are two of the nine in the Guaranty Trust Co., five of the nine in the First National Bank, and three of the nine in the Bankers Trust Co.

Mr. UNTERMYER. They are frequently the same individuals, are they not?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. How many of the nine directors of the Chase Bank are also directors in insurance companies?

Mr. SCUDDER. They have seven directorships in five insurance companies, namely, three in the American Surety Co., one in the Continental Insurance Co., one in the Mutual Life Insurance Co., one in the New York Life Insurance Co., and one in the Northwestern Mutual Life Insurance Co.

Mr. UNTERMYER. How many in the railroad companies?

Mr. SCUDDER. Seventeen directorships in 13 railroad companies, namely, 2 in the Chicago, Burlington & Quincy Railroad, 2 in the Delaware, Lackawanna & Western Railroad, 1 in the Great Northern Railroad, one in the Louisville & Nashville Railroad, 1 in the New York, New Haven & Hartford Railroad, 1 in the Reading Co., 1 in the Southern Railway, 1 in the Chicago, Rock Island & Pacific Railway and Rock Island Co., 1 in the Erie Railroad, 1 in the Lehigh Valley Railroad, 1 in the New York Central & Hudson River Railroad, 3 in the Northern Pacific Railroad, and 1 in the Seaboard Air Line.

Mr. UNTERMYER. You mean these 9 gentlemen have 17 directorships?

Mr. SCUDDER. Seventeen directorships in all.

Mr. UNTERMYER. In 13 railroads?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. How about express companies?

Mr. SCUDDER. One director in the Adams Express Co.

Mr. UNTERMYER. How about steamship companies?

Mr. SCUDDER. One director in the International Mercantile Marine Co.

Mr. UNTERMYER. And in producing and trading companies?

Mr. SCUDDER. Thirteen directorships in 13 producing and trading companies, namely, 1 in the American Agricultural Chemical Co., 1 in the American Car & Foundry Co., 1 in the American Smelting & Refining Co., 1 in the International Harvester Co., 1 in the National Biscuit Co., 1 in the United States Rubber Co., 1 in the Westinghouse Electric & Manufacturing Co., 1 in the American Can Co., 1 in the American Locomotive Co., 1 in the International Agricultural Corporation, 1 in the International Paper Co., 1 in the Pullman Co., and 1 in the United States Steel Corporation.

Mr. UNTERMYER. What is the summary of the number of directorships held by these nine gentlemen in other corporations shown on the chart?

Mr. SCUDDER. There are, in all, 67 directorships in 48 corporations.

Mr. UNTERMYER. Are any of them voting trustees in any of the corporations shown on the chart?

Mr. SCUDDER. Yes; they have 1 voting trustee each in the voting trusts for the Chicago Great Western, the Southern Railway and the Guaranty Trust Co.

**Mr. UNTERMYER.** As to the Astor Trust Co., how many directors of that trust company are directors in banks and trust companies shown on the list?

**Mr. SCUDDER.** There are 64 directorships in 17 banks and trust companies, namely, 1 in the Continental and Commercial National Bank of Chicago, 1 in the Continental and Commercial Trust and Savings Bank of Chicago, 1 in the Merchants Loan and Trust Co. of Chicago, 2 in the American Exchange National Bank of New York, 1 in the Bank of Manhattan Co., New York, 14 in the Bankers Trust Co. of New York, 3 in the Chase National Bank of New York, 4 in the Chemical National Bank of New York, 3 in the Farmers Loan and Trust Co. of New York, 4 in the First National Bank of New York, 11 in the Guaranty Trust Co. of New York, 8 in the Liberty National Bank of New York, 2 in the Mechanics and Metals National Bank of New York, 6 in the National Bank of Commerce of New York, 1 in the New York Trust Co. of New York, 1 in the Union Trust Co. of New York, and 1 in the United States Trust Co. of New York.

**Mr. UNTERMYER.** How many directors has the Astor Trust Co.?

**Mr. SCUDDER.** Twenty-nine.

**Mr. UNTERMYER.** How many of these gentlemen are directors in insurance companies?

**Mr. SCUDDER.** Seventeen directors in 9 insurance companies, namely: 4 in the American Surety Co., 2 in the Continental Insurance Co., 2 in the Equitable Life Assurance Society, 1 in the Fidelity and Casualty Co., 1 in the German-American Insurance Co., 2 in the Home Insurance Co., 3 in the Mutual Life Insurance Co., 1 in the New York Life Insurance Co., and 1 in the Northwestern Mutual Life Insurance Co.

**Mr. UNTERMYER.** How many in the railroad systems?

**Mr. SCUDDER.** Thirty directors in 18 railroads, namely: 1 in the Chicago, Burlington & Quincy Railroad, 3 in the Chicago, Rock Island & Pacific Railway and Rock Island Co., 2 in the Delaware & Hudson Railroad, 1 in the Delaware, Lackawanna & Western Railroad, 1 in the Denver & Rio Grande Railroad, 3 in the Erie Railroad, 2 in the Illinois Central Railroad, 2 in the Lehigh Valley Railroad, 1 in the Missouri Pacific Railroad, 1 in the New York Central & Hudson River Railroad, 2 in the New York, New Haven & Hartford Railroad, 2 in the Northern Pacific Railroad, 1 in the Pere Marquette Railroad, 1 in the Reading Railroad Co., 2 in the Seaboard Air Line, 2 in the Southern Pacific Railroad, 1 in the Southern Railway, and 2 in the Union Pacific Railroad.

**Mr. UNTERMYER.** How many in the producing and trading companies?

**Mr. SCUDDER.** Twenty-four directorships in 12 producing and trading companies, namely, 3 in the American Can Co., 1 in the American Locomotive Works, 1 in the Baldwin Locomotive Works, 4 in the International Agricultural Corporation, 2 in the International Harvester Co., 2 in the International Nickel Co., 2 in the International Paper Co., 1 in the National Biscuit Co., 1 in the Pullman Co., 1 in the United States Rubber Co., 4 in the United States Steel Corporation, and 2 in the Westinghouse Electric & Manufacturing Co.

**Mr. UNTERMYER.** What is the aggregate of directorships held by them in companies shown on the chart?

**Mr. SCUDDER.** They have, in all, 144 directorships in 63 companies.

Mr. UNTERMYER. How many voting trusts are they represented on?

Mr. SCUDDER. They have 1 voting trustee in each of the voting trusts of the stock of the International Agricultural Corporation, the International Nickel Co., and the Southern Railway; 2 voting trustees in the International Rubber Co., and 3 voting trustees each for the Bankers' Trust Co. and the Guaranty Trust Co.

Mr. UNTERMYER. Passing along, without going into detail with respect to these other companies and firms, such as Lee, Higginson & Co., Kidder, Peabody & Co., and others, will you come to the final summary of this chart—on page 21, I think it is—and summarize the representation of J. P. Morgan & Co.? What is the result of your summary?

Mr. SCUDDER. Taking J. P. Morgan & Co. and the Guaranty Trust Co., together with George F. Baker—taking those three interests—J. P. Morgan & Co. and the Guaranty Trust Co. have three firm members or directors in common, who are Henry P. Davison, William H. Porter, and Thomas W. Lamont. The two first named, together with George F. Baker, a director of the First National Bank, are voting trustees of the stock of the Guaranty Trust Co.

Mr. UNTERMYER. Have you prepared also a summary showing the corporations that have as directors members of the Morgan Co. and also directors of the First National Bank—common directors?

Mr. SCUDDER. I have the First National Bank; yes, sir.

Mr. UNTERMYER. That is found on pages 22 and 23 of your pamphlet?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. We will consider that in evidence and pass on. Have you compiled also a separate list combining J. P. Morgan & Co. and Mr. George F. Baker individually with respect to their interests in the corporations shown on the list?

Mr. SCUDDER. Yes, sir.

Mr. UNTERMYER. With what result?

Mr. SCUDDER. George F. Baker and members of J. P. Morgan & Co. are common directors in the Astor Trust Co., the First National Bank, the Guaranty Trust Co., and the National Bank of Commerce, which have total resources of \$598,000,000; in the Mutual Life Insurance Co., which has assets of—

Mr. UNTERMYER. Never mind about the assets. Just name the companies.

Mr. SCUDDER. The Mutual Life Insurance Co.

Mr. UNTERMYER. In what transportation companies are they common directors?

Mr. SCUDDER. The Adams Express Co., Chicago Great Western Railroad, Erie Railroad, Lehigh Valley Railroad, New York Central Railroad, New York, New Haven & Hartford Railroad, Northern Pacific Railroad, Reading Co., and the Southern Railway. With reference to the Southern Railway, Mr. Baker is not a director but is a voting trustee.

Mr. UNTERMYER. What about producing concerns?

Mr. SCUDDER. The International Harvester Co., the Pullman Co., and the United States Steel Corporation.

Mr. UNTERMYER. And public utilities?

Mr. SCUDDER. The American Telephone & Telegraph Co.

Mr. UNTERMYER. Are there any companies in which Mr. Morgan is a director in which Mr. Baker is not a director, so far as the chart shows—that is, Mr. Morgan or some member of his firm?

Mr. SCUDDER. In which Mr. Morgan is a director and Mr. Baker is not?

Mr. UNTERMYER. Yes; Mr. Morgan or a member of his firm.

Mr. SCUDDER. There are certain corporations; yes, sir.

Mr. UNTERMYER. What are they?

Mr. SCUDDER. There are the four Philadelphia banks in which members of J. P. Morgan & Co. are directors and Mr. Baker is not a director.

Mr. UNTERMYER. Is there any such company in New York?

Mr. SCUDDER. Yes. Members of Morgan & Co. are directors in the Liberty National Bank and the New York Trust Co., in which Mr. Baker is not a director.

Mr. UNTERMYER. In how many companies are they common directors?

Mr. SCUDDER. In 18 out of the 22 they are common directors. Mr. Baker has 22 directorships, altogether. In 18 out of these 22 he is a common director with Mr. Morgan, I believe.

Mr. UNTERMYER. Or with some member of the firm of J. P. Morgan & Co.?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. In what companies are members of the firm of J. P. Morgan & Co. and Mr. Baker covoting trustees?

Mr. SCUDDER. They are covoting trustees in the Guaranty Trust Co. and the Chicago Great Western Railroad and the Southern Railway.

Mr. UNTERMYER. Have you summarized the result of these charts in writing in the pamphlet which you have in your hand?

Mr. SCUDDER. Yes, sir; I have.

Mr. UNTERMYER. That will be considered in evidence. You have stated it in substance in your examination to-day?

Mr. SCUDDER. I have.

Mr. UNTERMYER. That is all, Mr. Scudder.

Witness excused.

#### TESTIMONY OF J. PIERPONT MORGAN.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside, Mr. Morgan?

Mr. MORGAN. New York City.

Mr. UNTERMYER. Are you senior member of the partnership or firm of J. P. Morgan & Co., bankers, of New York City?

Mr. MORGAN. I am, sir.

Mr. UNTERMYER. Are you also a partner in other banking houses in this country and elsewhere?

Mr. MORGAN. No; I am not.

Mr. UNTERMYER. Are you not interested in the Philadelphia firm?

Mr. MORGAN. That is the same thing.

Mr. UNTERMYER. That is the same firm, with the same membership?

Mr. MORGAN. Yes.

Mr. UNTERMYER. Is that true also of the London and Paris houses?

Mr. MORGAN. The firm in New York are partners in the Paris house and in the London house.

Mr. UNTERMYER. Will you name the partners in the New York and Philadelphia houses?

Mr. MORGAN. I do not know; I think you have them.

Mr. NICOLL. If you will read them over, Mr. Untermeyer, Mr. Morgan will tell you whether they are correct or not.

Mr. MORGAN. I think I can call them off.

Mr. UNTERMYER. Will you just call them off? I think there are 10 members, are there not?

Mr. MORGAN. Have you a book of the New York Stock Exchange?

Mr. UNTERMYER. Just look at this list here [indicating].

Mr. MORGAN. You want the New York partners?

Mr. UNTERMYER. The New York and Philadelphia partners.

Mr. MORGAN. That is the same thing.

Mr. UNTERMYER. Let us see if this is right: J. P. Morgan, H. P. Davison, W. P. Hamilton, Thomas W. Lamont, H. G. Lloyd, J. P. Morgan, jr., A. E. Newbold, William H. Porter, Charles Steele, E. T. Stotesbury.

Mr. MORGAN. I will read them off to you. J. P. Morgan, E. T. Stotesbury, Charles Steele, J. P. Morgan, jr., Henry P. Davison, Arthur E. Newbold, William Pierce Hamilton, William H. Porter, Thomas W. Lamont, Horatio G. Lloyd, and Temple Bowdoin.

Mr. UNTERMYER. There are eleven partners, are there not?

Mr. MORGAN. Eleven; yes.

Mr. UNTERMYER. And the same individuals constitute the Philadelphia house?

Mr. MORGAN. It is the same house. There is no difference. It is one partnership. It only has a different name, owing to my desire to keep Mr. Drexel's name in Philadelphia.

Mr. UNTERMYER. That is the Philadelphia house?

Mr. MORGAN. That is in Philadelphia.

Mr. UNTERMYER. As to the Paris house, how many partners are there in that?

Mr. MORGAN. They are not there as individuals. The firm of J. P. Morgan & Co. and the firm of Drexel & Co. are partners as such; as a firm.

Mr. UNTERMYER. In both the London house and the Paris house?

Mr. MORGAN. In both the London house and the Paris house; yes.

Mr. UNTERMYER. And added to that, I suppose, are other partners, residents in London or Paris?

Mr. MORGAN. Yes; that is so.

Mr. UNTERMYER. Does your New York house do a general banking business?

Mr. MORGAN. We try to, sir.

Mr. UNTERMYER. Do you take deposits?

Mr. MORGAN. We do.

Mr. UNTERMYER. You do the business that is done by a bank?

Mr. MORGAN. Exactly; so far as we can.

Mr. UNTERMYER. And you honor checks against deposits, just as a bank does?

Mr. MORGAN. We do; except that with us checks do not go through the clearing house.

Mr. UNTERMYER. You are not a member of the clearing house?

Mr. MORGAN. No.

Mr. UNTERMYER. Do you clear your checks through another bank that is in the clearing house?

Mr. MORGAN. No.

Mr. UNTERMYER. You clear them over your counter, do you?

Mr. MORGAN. We draw checks on the banks, and then check through——

Mr. UNTERMYER. Checks against your firm are presented at your office?

Mr. MORGAN. They must be presented at our office.

Mr. UNTERMYER. And you give checks on banks in return?

Mr. MORGAN. We give checks on a bank for them.

Mr. UNTERMYER. Do your foreign houses also act as bankers in that same way and accept deposits?

Mr. MORGAN. They do; not to any great extent, but they do whenever necessary.

Mr. UNTERMYER. Is there any business that your firm does not do in the way of the banking business that is done by any State or national bank, except to receive Government deposits?

Mr. MORGAN. We do not issue notes. We can not issue bank notes.

Mr. UNTERMYER. You have no circulating medium?

Mr. MORGAN. We can not issue bank notes.

Mr. UNTERMYER. But apart from your inability to issue bank notes, and your inability to receive Government deposits, you act as a bank with the same power as any banking institution organized under a corporate law?

Mr. MORGAN. We do.

Mr. UNTERMYER. And you receive as bankers, in that way, deposits of interstate corporations, do you not?

Mr. MORGAN. We receive the deposits of any corporation.

Mr. UNTERMYER. You mean you have, among others, large deposits of interstate corporations—that is, corporations engaged in interstate commerce?

Mr. MORGAN. Yes; I suppose we do. I do not remember any distinction between them.

Mr. UNTERMYER. The distinction between them is that certain corporations engage in commerce between the States and others engage in commerce only within the States. For instance, the Interborough Co. engages in business only within the State of New York.

Mr. MORGAN. Yes.

Mr. UNTERMYER. Whilst the Southern Railway engages in business between the States.

Mr. MORGAN. That is it.

Mr. UNTERMYER. You receive deposits from both classes of corporations?

Mr. MORGAN. We receive deposits from any corporation that we think good.

Mr. UNTERMYER. You have prepared, have you not, a statement of the amount of money on deposit with you by interstate corporations at a given date?

Mr. MORGAN. I think we have. I have not that, however.

Mr. LINDABURY. I have it.

Mr. UNTERMYER. Will you produce it, Mr. Lindabury?

Mr. LINDABURY. I do not produce it, but you apparently have it. I have not it with me.

Mr. UNTERMYER. Can you tell by reference to this paper, Mr. Morgan, how many such accounts of interstate corporations your firm had at your New York banking house on the 1st of January, 1912, and how many you had on the 1st of November, 1912?

Mr. MORGAN. I should like to ask whether that can not be given by some one more familiar with the accounts than I am. I do not know anything about them. Any statement that they submit to you I will accept.

Mr. LINDABURY. That is correct.

Mr. MORGAN. I have no doubt it is correct.

Mr. UNTERMYER. I will read from this statement:

On January 1, 1912, there were 66 accounts with J. P. Morgan & Co. of New York of interstate corporations having aggregate deposits of \$68,113,315.31. On November 1, 1912, there were 78 accounts of such corporations having aggregate deposits of \$81,968,421.47. The total capital, surplus, and funded debt of these corporations is subject to correction if the figures are not correct—

Mr. LINDABURY. As stated in some public record, I think that shows; does it not?

Mr. UNTERMYER (continuing). \$9,765,825,500.

Mr. LINDABURY. Does not that refer to the source of information?

Mr. UNTERMYER. Yes; it refers to the source of information; but it does not give us the names of the corporations.

Mr. LINDABURY. It was made up from some public record. What we meant was that that is what appears by the records.

Mr. UNTERMYER. Of course, we have not the data nor the names of those corporations. You felt reluctant about giving them, did you not, Mr. Morgan, and we do not find it necessary to have them.

Mr. MORGAN. You are speaking about their capital and all that?

Mr. UNTERMYER. I am speaking about the names of the people who deposit with you. That you prefer not to give?

Mr. MORGAN. That I did not want to give.

Mr. UNTERMYER. And we do not find it necessary to have it.

Mr. MORGAN. That is all right. I thought you were speaking about the capitalization of the aggregate companies.

Mr. UNTERMYER. I see. We have the figures there.

Mr. Morgan, do you think these great corporations engaged in interstate commerce, that have their securities scattered broadcast, ought to be permitted to make their deposits with private bankers?

Mr. MORGAN. I do, sir.

Mr. UNTERMYER. I am not speaking of any particular private banker. I am speaking of the rule which would apply to one private banker as well as to another.

Mr. MORGAN. That depends upon their ability to meet the drafts.

Mr. UNTERMYER. But taking the general rule, do you think that it is a wise thing to permit a public corporation that is owned by the public, with securities scattered, to make its deposits with a private banker?

Mr. MORGAN. I do, sir.

Mr. UNTERMYER. As a rule?

Mr. MORGAN. Not as a rule. I do not know that every private banker—

Mr. UNTERMYER. Do you not realize that there is no supervision over a private banker by any State authority? There is not, is there?

Mr. MORGAN. No.

Mr. UNTERMYER. And there is no requirement for keeping a reserve is there?

Mr. MORGAN. No.

Mr. UNTERMYER. On the whole, taking the question as one of policy, and considering the broad question rather than a question personal to any particular banking house, do you not think—

Mr. MORGAN. The same thing, I think, would apply to some banks.

Mr. UNTERMYER. Do you think the same thing would apply? They are under Government supervision, are they not?

Mr. MORGAN. I can not help that. They have a small capital, and you do not know anything about their means.

Mr. UNTERMYER. But there is some outside official authority that passes upon their solvency, is there not?

Mr. MORGAN. That is my opinion.

Mr. UNTERMYER. As a matter of policy—

Mr. MORGAN. It is a mere matter of judgment, I should say.

Mr. UNTERMYER. As a matter of policy—

Mr. MORGAN. As a matter of judgment, I should say—

Mr. UNTERMYER. I do not think you have heard my question.

As a matter of public policy, concerned with the regulation of interstate corporations that are owned by the public and whose shares are widely scattered, you are of the opinion that they should be permitted, without restriction, to make their deposits with private bankers just as readily as with banks that are chartered?

Mr. MORGAN. If their directors so decide.

Mr. UNTERMYER. Do you not think that anybody other than the board of directors has an interest in that subject?

Mr. MORGAN. If it is a company, it can be examined at any time.

Mr. UNTERMYER. But the private banker who holds their funds can not be examined, can he? The private banker can not be examined either publicly or privately?

Mr. MORGAN. Yes; if the public claim the right to do it, they can be examined.

Mr. UNTERMYER. You do not mean to say that an interstate corporation depositing with a private banker would have any right to find out the means of that private banker?

Mr. MORGAN. Then they need not deposit with them.

Mr. UNTERMYER. But the question is whether they ought to have the right to do such a thing?

Mr. MORGAN. I should think that was left to the board of directors.

Mr. UNTERMYER. That is all you care to say about that, is it not?

Mr. MORGAN. Yes.

Mr. UNTERMYER. Is your firm acting as fiscal agents for a number of interstate corporations?

Mr. MORGAN. We are, sir.

Mr. UNTERMYER. For which interstate corporations do you act as fiscal agents?

Mr. MORGAN. We have a list here.

Mr. UNTERMYER. You act as fiscal agents for the Chicago & West Indiana Railroad Co., do you not?

Mr. MORGAN. Yes.

Mr. UNTERMYER. And for the Chicago, Indianapolis, & St. Louis— I suppose that means St. Louis.

Mr. MORGAN. St. Louis, is it not?

Mr. UNTERMYER. The Chicago, Indianapolis & St. Louis.

Mr. MORGAN. Mr. Untermyer, all I can say is that I do not know the details of that. I could not tell you as to all of those companies. If that is a register, if that is a list made out by the office, I accept it.

Mr. UNTERMYER. Do you also act for the Pere Marquette?

Mr. MORGAN. I think we do.

Mr. UNTERMYER. The details of your business you do not carry about you?

Mr. MORGAN. I do not attend to the details of it; but I would be perfectly willing to accept any statement that comes from the office.

Mr. UNTERMYER. You remember, do you not, that you act for the New York, New Haven & Hartford, and for the New York Central?

Mr. MORGAN. Yes; that I remember.

Mr. UNTERMYER. And you have acted as fiscal agents for them for many years?

Mr. MORGAN. Yes; and for the New York Central also.

Mr. UNTERMYER. Is that under written agreement?

Mr. MORGAN. I think there is an agreement. I do not know the terms of the contract.

Mr. UNTERMYER. Generally, are the terms of the agreement such that they must issue all their securities through your firm?

Mr. MORGAN. If we can agree; yes, sir.

Mr. UNTERMYER. You have the right, have you not—

Mr. MORGAN. Yes.

Mr. UNTERMYER (continuing). To issue all their securities?

Mr. MORGAN. We have the right on reaching terms. We have got to agree on terms.

Mr. UNTERMYER. Have you not the right to issue them on the commission basis?

Mr. MORGAN. Yes.

Mr. UNTERMYER. Without giving them the right to go elsewhere?

Mr. MORGAN. On the same terms; yes, sir.

Mr. UNTERMYER. No; I do not think you understand me. Have you not the absolute right to the issue of all their securities?

Mr. MORGAN. Not unless we can agree upon terms.

Mr. UNTERMYER. Let us see the agreement then. Is there any objection to having the agreement?

After informal discussion with counsel the chairman announced that the committee would take a recess until 10.30 o'clock to-morrow morning.

At 3 o'clock p. m. the subcommittee adjourned until to-morrow, Thursday, December 19, 1912, at 10.30 o'clock a. m.

The correspondence referred to in Chairman Pujó's statement at the beginning of this day's session is as follows:

EXHIBIT 134-C.

THE WESTERN UNION TELEGRAPH CO.,  
December 5, 1912

M. F. ELLIOTT, Esq.,  
Attorney for Mr. William Rockefeller,  
26 Broadway, New York, N. Y.

On November 20 Mr. J. K. Jones, representing you, called and informed me of the state of health of Mr. William Rockefeller, whose testimony is desired by this committee, and for whom a subpoena had issued. Mr. Jones stated that a certificate of a

physician could or would be furnished showing that it would not be safe for Mr. Rockefeller to attend the sessions of the committee. I concluded from the call of Mr. Jones that if the committee insisted upon the testimony of Mr. Rockefeller, it was his purpose to arrange for the taking of the same in such manner as would be of least inconvenience to him. Believing that there was not then or is now any disposition on the part of Mr. Rockefeller to decline to furnish the committee such information as he might possess relating to the subject matter of the inquiry and that an agreement could be reached whereby his testimony could be taken at his home or at his office in New York, I instructed the Sergeant at Arms not to make service at that time for the reason above stated and because of the representations of Mr. Rockefeller's state of health. Our hearings are fixed for next Monday. There seems to be a misunderstanding whether Mr. Rockefeller has submitted himself to the jurisdiction of the committee, and this telegram to you is to ascertain your views in that behalf and to request that formal service be waived and that you notify the committee accordingly.

Respectfully,

A. P. PUJO, *Chairman.*

THE WESTERN UNION TELEGRAPH CO.  
*New York, December 5, 1912.*

Hon. ARSÈNE P. PUJO, *Chairman,*  
*House of Representatives, Washington, D. C.:*

Have just received your telegram. Am undertaking to obtain certificates of William Rockefeller's physician regard to his inability to attend and testify before your committee. Will wire you again to-morrow morning.

M. F. ELLIOTT.

THE WESTERN UNION TELEGRAPH CO.,  
*New York, December 6, 1912.*

Hon. ARSÈNE P. PUJO, *Chairman,*  
*House of Representatives, Washington, D. C.:*

Am sending Mr. Jones who will hand same to you certificate from Mr. Rockefeller's physician as to his condition.

M. F. ELLIOTT.

LAW OFFICES OF JAMES K. JONES,  
*Washington, D. C., December 7, 1912.*

Hon. ARSÈNE P. PUJO,  
*Chairman, Committee on Banking and Currency,*  
*House of Representatives, Washington, D. C.*

SIR: Referring to the desire of Mr. William Rockefeller's family and friends that he be not subjected to the ordeal of testifying before your Committee in connection with certain investigations now being carried on, this desire being based on the fear that such an effort would result seriously to Mr. Rockefeller, I hand you herewith certificate of Mr. Rockefeller's physician as to his physical condition, and I have to respectfully request that under the circumstances he may be excused from testifying in this connection.

I am, very respectfully,

JAMES K. JONES.

THE WESTERN UNION TELEGRAPH CO.,  
*December 7, 1912.*

M. F. ELLIOTT, Esq.,  
*Attorney for Mr. William Rockefeller,*  
*26 Broadway, New York City:*

Mr. Jones, representing your office, has just delivered certificate from Dr. Walter F. Chappell, which in substance says that on account of physical disabilities Mr. William Rockefeller can not come to Washington to testify or even submit to an oral examination at home. All of this is aside from the question whether Mr. Rockefeller submits to the jurisdiction of the committee or if he must be subpoenaed by a representative of the Government. The question of his ability to testify later when needed is one that will be determined upon conditions at that time. Please let me know whether Mr. Rockefeller submits his certificate acknowledging the jurisdiction of the committee. Answer quick.

A. P. PUJO, *Chairman.*

STANDARD OIL CO., 26 BROADWAY,  
LEGAL DEPARTMENT,  
New York, December 9, 1912.

Hon. A. P. PUJO,  
*Chairman Finance Committee,  
House of Representatives, Washington, D. C.*

DEAR SIR: I received your telegram on Saturday last just as I was leaving the office and after the telegraph office in the building had closed.

You address me as attorney for Mr. William Rockefeller. I am not his attorney; he was formerly vice president of the Standard Oil Co. of New Jersey, of which I am counsel, and he continues to be a personal friend of mine, and my effort to have him excused from appearing before your committee was as his friend. I believed it would not be safe for him to appear in Washington or submit to an oral examination here. It was simply with a view of being helpful to Mr. Rockefeller personally that I requested Mr. Jones to see you. I can not make the agreement for Mr. Rockefeller that in submitting the certificate of the physician he acknowledges the jurisdiction of your committee. He is not here and I do not know whether I can reach him or not.

Yours, truly,

M. F. ELLIOTT.

DECEMBER 10, 1912.

Mr. M. F. ELLIOTT,  
*Counsel for Mr. William Rockefeller,  
26 Broadway, New York City.*

DEAR SIR: This letter will introduce to you Mr. Charles F. Riddell, the Sergeant at Arms of the House of Representatives, who is in your city for the service of a subpoena upon your client, Mr. William Rockefeller. If you are not authorized to accept service of a subpoena in behalf of your client, I respectfully request that you facilitate Mr. Riddell in having formal service made on Mr. Rockefeller. I can not consider the certificate presented in behalf of your client unless service is waived or service made. I have called your Mr. Jones to-day, but can not get in touch with him.

Yours, truly,

A. P. PUJO, *Chairman.*

DECEMBER 11, 1912

Mr. M. F. ELLIOTT,  
*No. 26 Broadway, New York City.*

DEAR SIR: This is to acknowledge receipt of your letter of the 9th instant with reference to subpoena issued by the Speaker of the House of Representatives at my request, service of which was desired on Mr. William Rockefeller. Mr. J. K. Jones, an attorney of this city, called at my office, stating that he was representing you, and desired to know if a certificate as to the physical inability of Mr. Rockefeller, to be presented, would be accepted. A subsequent telegram to you (December 5) is fully explanatory of my understanding of what took place between Mr. Jones and myself. No intimation came from Mr. Jones that either you or he were acting merely as the friend of Mr. Rockefeller. I am surprised at the receipt of such information.

The Sergeant at Arms of the House of Representatives left last night for New York for service upon Mr. Rockefeller. You will, of course, readily understand that if Mr. Rockefeller's state of health is such that it will be endangered by obeying the process of the Committee, it would follow that such action would not be taken, but before reaching that point it is essential that we should have either personal service upon him or that the same should be waived or accepted by some one in authority.

Yours, truly,

A. P. PUJO, *Chairman.*