

MONEY TRUST INVESTIGATION

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**

PART 21

**WASHINGTON
GOVERNMENT PRINTING OFFICE
1913**

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., Friday, January 10, 1913.

The subcommittee met at 11 o'clock a. m.

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

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

The CHAIRMAN. The committee will come to order and the taking of testimony will be resumed.

Mr. UNTERMEYER. Mr. Baker, will you please resume the stand.

TESTIMONY OF MR. GEORGE F. BAKER—Continued.

Mr. BAKER. Mr. Untermeyer, may I be allowed to make a little statement?

Mr. UNTERMEYER. Yes.

Mr. BAKER. You presented me before the public as such a great director man, more than I realized myself, that I would just like to interject here that I never have become a director or a voting trustee from solicitation of my own; it has all come to me, rather—

Mr. UNTERMEYER. You recognize, Mr. Baker, that we have just begun to examine you as to your directorships. Do you know how many you have?

Mr. BAKER. I know I have too many.

Mr. UNTERMEYER. Do you know how many?

Mr. BAKER. No.

Mr. UNTERMEYER. Have you got 25?

Mr. BAKER. I guess so.

Mr. UNTERMEYER. Have you got 50?

Mr. BAKER. There must be 25 in the Jersey Central and those little companies.

Mr. UNTERMEYER. Outside of the Jersey Central and outside of the Reading and outside of the anthracite roads, do you know how many directorships you have?

Mr. BAKER. No; I do not know. I have never counted them up.

Mr. UNTERMEYER. You were asked to supply the committee with a list giving your directorships.

Mr. BAKER. Was it not done?

Mr. UNTERMEYER. No; it was not done.

Mr. SPOONER. What is that?

Mr. UNTERMYER. The witness was asked to supply the committee some time ago with a list of the corporations in which he and other directors of the First National were directors.

Mr. SPOONER. Including churches?

Mr. UNTERMYER. We would like to have this proceeding conducted with as much decorum as possible, Senator Spooner.

Mr. SPOONER. I would like to have it so conducted.

Mr. UNTERMYER. I call your attention, Mr. Baker—

Mr. BAKER. Mr. Untermyer, I think that was supplied. I remember seeing one with something of the sort given out.

Mr. UNTERMYER. We have not seen any such list.

Mr. BAKER. My son says it was forwarded.

Mr. UNTERMYER. You did supply, did you not, a list without stating which of the officers or directors were directors in each of the different corporations given. [Handing witness paper.] Is this the list you supplied and the only one?

Mr. BAKER. That is correct, Mr. Untermyer, and that was the way we understood the question.

Mr. UNTERMYER. This paper will be marked as an exhibit.

The statement referred to was marked Exhibit No. 197 and will be found set forth at the end of to-day's record.

Mr. UNTERMYER. You understood, did you not, that the letter called for information of business and financial corporations?

Mr. BAKER. I can not remember that.

Mr. UNTERMYER. After striking out from the list the three which I have stricken out, which are not financial and business corporations, you find that here are 88 corporations shown on the list in which the members of your board of the First National Bank are also directors?

Mr. BAKER. Yes, sir. This is not only mine, but the other members of the board?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes; that is right.

Mr. UNTERMYER. Have you not prepared a list of the corporations, business and financial, in which you are a director?

Mr. BAKER. Not separately. This is the only one.

Mr. UNTERMYER. Does that list also show by a red cross opposite the names those corporations in which you and Mr. Morgan, or a member of the firm of J. P. Morgan, are both directors?

Mr. BAKER. No, sir; I think not. The first one I strike is the Baldwin Locomotive Co. I am not a director in that.

Mr. UNTERMYER. Well, does not that red mark indicate the instances in which one of your directors in the First National, together with Mr. Morgan, or a member of the firm of J. P. Morgan & Co., are both directors in the same corporation? The note at the bottom says so.

Mr. BAKER. Oh, yes, sir. In those that I had run down I did not see it.

Mr. UNTERMYER. How many such corporations are there shown by this?

Mr. BAKER. I do not know. I have not examined it.

Mr. UNTERMYER. There are 37.

Mr. BAKER. Thirty-seven. I will accept your figures.

Mr. UNTERMYER. You just referred to the Baldwin Locomotive Works as being one of the companies in which you are not a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. And in which a member of the firm of Morgan & Co. is a director?

Mr. BAKER. I am quite certain there is one of our board in there.

Mr. UNTERMYER. Which member of your board is, with a member of the firm of J. P. Morgan & Co., on the board of the Baldwin Locomotive Works?

Mr. BAKER. Mr. Morton.

Mr. UNTERMYER. Your vice president?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is it or not the fact that both he and one of the Morgan partners went on that board following the flotation of an issue of securities for the Baldwin Locomotive Co. by the First National and Morgan & Co.?

Mr. BAKER. I think I was in Europe at the time. I think that is so.

Mr. UNTERMYER. Do you not know that your bank and Messrs. Morgan & Co. floated that issue?

Mr. BAKER. Yes. But who was in the board I do not happen to know.

Mr. UNTERMYER. Was it an issue of preferred stock?

Mr. BAKER. I do not know that.

Mr. UNTERMYER. Do you know how much it was?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Will you furnish the committee a list of the business and financial corporations in which you are a director?

Mr. BAKER. Is not that sufficient?

Mr. UNTERMYER. No; that is not sufficient, because that includes other directors in your bank and not yourself alone.

Mr. BAKER. Yes.

Mr. FISHER A. BAKER. He can give that from that paper, Mr. Untermyer, as well as to have a long tale—

Mr. UNTERMYER. Mr. Baker, do you think you could take up this list and state each instance in which you yourself are a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. From the list?

Mr. BAKER. Yes, sir; I think I could. I could just make a check mark against that.

Mr. UNTERMYER. If you will do that at the recess, make a dagger mark (†) on Exhibit 197, against each of the corporations in which you are a director, that will be considered as your answer on that subject.

Mr. BAKER. All right, sir. I will be very glad to do it.

Mr. UNTERMYER. Have you brought here a copy of the resolutions from the minutes of the meetings of the directors of the First National Bank and of the First Security Co. relating to the organization of those companies, and the relations existing between them, and the manner in which the stock of the company was to be held?

Mr. BAKER. Did we not make a reply to you about that, Mr. Untermyer?

Mr. UNTERMYER. No; there has been no reply on that subject so far as I know, and I would like to have you produce, as requested in the letter of December 24, a copy of the resolutions.

Mr. FISHER A. BAKER. The question that was put to us, as I remember it, was this: "Is there any resolution?" And the answer was that there was no resolution.

Mr. UNTERMYER. Mr. Baker will have to answer these questions.

The CHAIRMAN. I have permitted you to finish the sentence, but I wish to say this: Yesterday I had not been informed that you were of counsel for the witness, and I want to publicly make the statement that I would not have used the expression I did use otherwise. The rule of the committee, however, is this, which we had to adopt to expedite the proceedings: This being an investigation and not a trial, the witness has the right when a question is propounded, and before he declines to answer it or announces his position, to talk or confer with counsel if he so desires, with reference to a declination.

It has been announced through counsel for the committee, acting under instructions of the committee, that when an examination is concluded, if counsel for a witness desires to ask any further questions germane to the testimony brought out, they will be submitted to the committee through the chairman and propounded by the committee; that being the rule of the House, as understood.

Mr. FISHER A. BAKER. Thank you.

The CHAIRMAN. Furthermore, a witness has a right to answer a question categorically—yes or no, or that he does not know, or to explain any matter relative to the question that he has been asked. We are trying to follow the rules of law in the matter.

Mr. SPOONER. That is entirely fair.

The CHAIRMAN. And we have also extended this further privilege: If, at the end of his examination, the witness desires to make any statement relative or germane to his testimony, that privilege will be accorded to him.

Mr. UNTERMYER. I understand that if a witness wants to read over the minutes of his testimony and then make any explanation or correction, he is at liberty to do so?

The CHAIRMAN. He is at liberty to do so, and to correct his testimony.

Mr. BAKER. I have no doubt that you will make everything as right as you can.

Mr. UNTERMYER. I would like to have a copy of any resolutions of the meeting of the board of directors of the First National Bank or the First Security Co. relating to the organization of either company. Will it be produced?

Mr. FISHER A. BAKER. It can be produced, but my memory is that it has already been answered—that there was no resolution in one company and that the other one had no reference to the matter except that the First National Bank should be the depository. If I am wrong about that—

Mr. UNTERMYER (interposing). Whatever resolution there is on the books of the bank relating to the transaction, or on the books of the security company, we would like to have. Do you know whether there is any, Mr. Baker?

Mr. BAKER. I think there is none, unless it is just possibly a perfunctory one like that, saying who shall be the depository.

Mr. UNTERMYER. Were you not also asked to produce a list of the pools, syndicates, and joint accounts for the purchase and sale of securities with which the First National Bank has been connected or identified, as a member or party, or with which the First Security Co. has been connected or been a party from the time of its organization in 1908, together with the date of the transaction, the amount of the securities involved in the transaction, and the amount of the participation of the bank or the security company?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you prepared such a statement?

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

Mr. UNTERMYER. Also a statement of whether the bank or the security company was an original promoter or underwriter or syndicate manager in the acquisition or sale of the particular security in any of the cases in which the securities were offered for sale, either by circular or advertisement, and whether by the bank alone or in conjunction with others. In all cases in which there was a public offering over the name of the bank, either alone or with others, the committee desires a copy of the circular or advertisement. Particular attention is called to the request for the names of the persons with whom such transactions were had in joint account and the proportion of the interested parties.

You remember such a request being contained in the letter of December 24, 1912, do you not?

Mr. BAKER. I remember some letter; yes.

Mr. UNTERMYER. Was that fully considered by you with counsel?

Mr. BAKER. It was considered by us with counsel, and we are advised by them that that is our own private affair that we are not called upon to give, and there is a question whether I have the right to give. This information is all in the possession of the Government, and if the Government wants it—

Mr. UNTERMYER. You do not mean to say that the information as to the syndicates and promotions of the First National Bank that were made by public advertisement are matters of private concern, do you?

Mr. BAKER. Not if you mean just the lists; but when you ask who the parties in interest are, and all that, we do.

Mr. UNTERMYER. Do you mean to say that you take that view, that when a national bank undertakes to be a syndicate promoter, and offers securities to the public, either alone or jointly with others, that a committee of Congress ought not to have the right to investigate such classes of business by a national bank?

Mr. BAKER. We are so advised.

Mr. UNTERMYER. You are advised that Congress has no such right, are you?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And therefore you decline to produce that information, do you?

Mr. SPOONER. He did not say that he was advised that Congress had no power to do it.

Mr. UNTERMYER. Are you advised that this committee has no power to require any information from your bank concerning promoting and syndicate transactions by a national bank, alone or jointly with others?

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

Mr. UNTERMYER. You are so advised?

Mr. BAKER. Yes.

Mr. UNTERMYER. And, acting on that advise, do you decline to give to the committee information as to the syndicate transactions of your bank in the promotion and public offering and sale of securities?

Mr. BAKER. If it was limited to that I do not know whether we would have a right to do it or not, but I would do it.

Mr. UNTERMYER. But the question is, among the information called for here is data concerning the promotion enterprises of the First National Bank as a promoter of securities, alone and jointly with others. Now, in your judgment, and upon the advice you have gotten, do you not think that this committee is entitled to that information?

Mr. BAKER. May I confer a moment about that?

Mr. UNTERMYER. Certainly.

Mr. SPOONER. When you speak of the "promoter," do you mean the issuer?

Mr. UNTERMYER. Yes; in cases in which it is the issuing house, and in cases in which it buys and sells securities, either alone or jointly with others.

Mr. SPOONER. That does not mean promotor, does it? In the sense in which you use the word? I do not mean to be technical about it. I want the witness to understand exactly what you want.

Mr. UNTERMYER. The committee wants a record of all promotion and syndicate transactions of the First National Bank, followed by the issue of securities, either alone or jointly with others, and wants the names of those with whom those transactions were in joint account.

Mr. Chairman, Senator Spooner suggests that we pass this question, so that these gentlemen can confer during the recess.

The CHAIRMAN. That will be perfectly agreeable to the committee.

Mr. UNTERMYER. We will go on with something else.

The CHAIRMAN. Yes; let us go on, to expedite the examination.

Mr. UNTERMYER. Yes.

Mr. BAKER. I want to do anything that I can that the committee or counsel want.

Mr. UNTERMYER. I would rather have the facts than the expression of willingness accompanied by a refusal of the facts.

Mr. SPOONER. He has been pretty frank, has he not?

Mr. FISHER A. BAKER. He is not the president of the bank and he is not an officer.

The CHAIRMAN. We will continue with the examination. Let us proceed in an orderly way and get through with the examination.

Mr. UNTERMYER. You furnished the committee, did you not, Mr. Baker, with a statement of the bank's deposits, balances of deposit year by year?

Mr. BAKER. That is furnished by the officers of the bank. I believe that was furnished. I did not pay much attention to that.

Mr. UNTERMYER. We will offer that in evidence.

The paper referred to was marked "Exhibit No. 198," and will be found at the end of to-day's proceedings.

Mr. BAKER. I assume that to be correct, Mr. Untermeyer.

Mr. UNTERMYER. Do you know what the deposits were at the last date at which they were made up?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How frequently are they made up?

Mr. BAKER. Every day.

Mr. UNTERMYER. About what are your deposits?

Mr. BAKER. About a hundred million.

Mr. UNTERMYER. And of that—

Mr. BAKER. That information was requested. I did not know that I was expected to answer, and I suppose it came to the bank and some of the officers made it up. I am not very familiar with the details of the bank as to such things as that for the last four or five years.

Mr. UNTERMYER. Of this one hundred millions or thereabouts of deposits, how much of it consisted of bonds carried by interstate corporations on February 1, 1912?

Mr. BAKER. I could not tell you unless the information was given to me.

Mr. UNTERMYER. And how much consisted of bonds carried by them on November 1, 1912? [Handing witness paper.]

Mr. BAKER. Do you want me to read the amount?

Mr. UNTERMYER. Yes; just read the figures.

Mr. BAKER. On January 1, 1912, we had 155 accounts of interstate corporations with balances amounting to \$32,426,854.48. You want the other dates, too?

Mr. UNTERMYER. I think those are all that are there. Are there any other dates there?

Mr. BAKER. There is one in November.

Mr. UNTERMYER. Yes, if you will give us that.

Mr. BAKER. November 1 we had 149 accounts amounting to \$29,656,227.44. We are unable to state the resources. I see this letter is from Mr. Hine. I do not think I ever saw it before.

Mr. UNTERMYER. Do you also want to consider during recess the question as to the transactions of the First Security Co. as well as those of the First National Bank in promotion of syndicate operations in the purchase and sale of securities?

Mr. BAKER. If you desire that I should do so.

Mr. UNTERMYER. Yes. I find that there are a number of subjects about which you were inquired of yesterday, or which you touched upon yesterday, about which it will be necessary to ask you a few more questions. Referring again to this question of the publicity of the assets of a bank, and as bearing on the advisability of publicity, would it or not, in your opinion, act as a deterrent against the acquisition of bad or doubtful assets by a bank and lead to a higher grade of investment if it were necessary to have publicity as to the character of investments?

Mr. BAKER. I do not think it would in regard to national banks.

Mr. UNTERMYER. You do not? Do you not know that where there have been failures of national banks, it has been found that their character of investments has been such that would not have been tolerated if it had been known?

Mr. BAKER. I guess that is correct; but the man that would do that kind of work would cover it up some other way, I am afraid.

Mr. UNTERMYER. You think if they had to make a report itemizing their bond and stock holdings, that they could still cover it up?

Mr. BAKER. Well, I do not know whether I am familiar with that kind of business.

Mr. UNTERMYER. Well, the suggestion was yours and not mine, about their ability to cover it up.

Mr. BAKER. They are generally pretty smart fellows.

Mr. UNTERMYER. What, in your judgment, would be the effect of such publicity in deterring the officers of the bank and the directors from borrowing the bank's money?

Mr. BAKER. From what?

Mr. UNTERMYER. From borrowing the bank's money or from the loaning upon securities in corporations in which they were interested, would it, in your judgment, be a deterrent against things of that kind to have publicity?

Mr. BAKER. I have not any opinion on that.

Mr. UNTERMYER. No opinion whatever as to the effect of publicity on that class of transactions?

Mr. BAKER. No.

Mr. UNTERMYER. You have a pretty good impression about it, have you not?

Mr. BAKER. Hardly that.

Mr. UNTERMYER. Were the securities that were turned over to the Security Co. on its organization securities largely of corporations in which you were interested, or in which you were a director or voting trustee?

Mr. BAKER. I do not remember, but certainly they were in part.

Mr. UNTERMYER. They were mainly securities of that character, were they not? Did not you say that they were 75 per cent and upward of securities of that character?

Mr. BAKER. Let me look at that, and I will tell you. It is so long ago I do not remember. [Referring to paper.] This is a statement of to-day, and the question you asked refers to a long time ago.

Mr. UNTERMYER. Have the assets changed very materially since?

Mr. BAKER. They have changed some.

Mr. UNTERMYER. Have they very substantially changed?

Mr. BAKER. No. I understand that a large portion of them are changed. Is that satisfactory?

Mr. UNTERMYER. You mean a large portion of the securities held—

Mr. BAKER. Which were turned over at that time.

Mr. UNTERMYER. Covered by the security company, that were turned over by the bank to the security company, were securities of corporations in which you were a director or voting trustee?

Mr. BAKER. Yes.

Mr. UNTERMYER. And have those securities as then turned over materially changed since?

Mr. BAKER. No; I think not.

Mr. UNTERMYER. At what period was the Chase Bank stock turned over?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. You have no idea of it?

Mr. BAKER. Not in my memory; no, sir.

Mr. UNTERMYER. You could not give the committee any conception of whether the stock of the Chase Bank, 28,000 shares, was turned over at 200 or 500 or 700?

Mr. BAKER. Yes; I know it was not turned over at 500 or 700, and I do not believe it was turned over at 200.

Mr. UNTERMYER. Where, between those figures?

Mr. BAKER. I can not tell you. I think it was just exactly at what it cost us.

Mr. UNTERMYER. The question is, can you not give us some idea; was it between \$300 and \$500 a share?

Mr. BAKER. Yes; I will say yes to that.

Mr. UNTERMYER. Was it \$300?

Mr. BAKER. I do not think it was.

Mr. UNTERMYER. Do you think it was between \$200 and \$300?

Mr. BAKER. Yes.

Mr. UNTERMYER. Now, can not you tell us what it was?

Mr. BAKER. No, sir; I can not, because I do not know.

Mr. UNTERMYER. The security company, on the sale of this 15,000 shares, realized how much a share?

Mr. BAKER. Oh, Mr. Untermeyer, I do not think you ought to ask me that question. It is not material to what Congress wants to do, in perfecting laws.

Mr. UNTERMYER. Well, we are trying to get at the value and the relations of the national banks. The Chase Bank is a national bank. Is there anything secret about the price at which this stock was turned over, and as you say, scattered around among different people down town?

Mr. BAKER. It may not be to me, but it may to the persons who are handling it.

Mr. UNTERMYER. Did I not understand you to say that Mr. Wiggin had distributed that stock among his friends?

Mr. BAKER. He has, or is doing so.

Mr. UNTERMYER. And he is doing it at cost, is he not?

Mr. BAKER. I do not know.

Mr. UNTERMYER. You have no idea what he is charging them?

Mr. BAKER. No.

Mr. UNTERMYER. Is that the reason you object to stating the price, because you think he may want to charge a profit?

Mr. BAKER. No; I would not put it that way.

Mr. UNTERMYER. Because if that is the reason I shall not press the question. If there is any reason, I would like to know what the reason is, and if there is a reason, the question will not be pressed.

Mr. BAKER. That is entirely a personal matter, if you call it a personal matter, between the purchaser and the seller.

Mr. UNTERMYER. But the First Security Co. and the First National Bank are operating practically as one concern, are they not?

Mr. BAKER. Well, Congress is not concerned—

Mr. UNTERMYER. Are they not operating practically as one concern?

Mr. BAKER. I would not admit that.

Mr. UNTERMYER. You do not admit that?

Mr. BAKER. No.

Mr. UNTERMYER. You say they are operating through the same officers and directors?

Mr. BAKER. Yes, sir; that is right, but they are not one concern.

Mr. UNTERMYER. And owned in the same proportion?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And you say that one can not be sold or disposed of without the other?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And yet do you claim that the operations of the Security Co. in the stock of a national bank should be regarded as a purely private and personal concern?

Mr. BAKER. In a national bank?

Mr. UNTERMYER. Yes.

Mr. BAKER. The Security Co. is not a national bank.

Mr. UNTERMYER. I am asking you concerning its dealings with stock of a national bank, and you say you think it is a purely private and personal concern, do you?

Mr. BAKER. I do; yes, sir.

Mr. UNTERMYER. And do you think all the affairs of a national bank are private and personal concerns?

Mr. BAKER. We are talking just now about the Security Co.

Mr. UNTERMYER. No; we are talking about the stock of the Chase Bank.

Mr. BAKER. That belongs to the——

Mr. UNTERMYER. And the price at which it changed hands. Do you think that is purely a private affair?

Mr. BAKER. I do, as much as if you sold it to Mr. Pujo.

Mr. UNTERMYER. It would be just like a tailor's bill?

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. Well, if you feel that way about it, it is not of enough importance for us to press it.

Mr. BAKER. I can not see how it could be of any importance to you.

Mr. UNTERMYER. Let us see.

Mr. BAKER. I hope you won't, because I do not like to refuse anything.

Mr. UNTERMYER. Now, you have said that frequently, and, of course, if we do not press a question you will not refuse.

Mr. BAKER. Well, I should have to refuse it, but I would not want to.

Mr. UNTERMYER. I think I understood from you, did I not, that the security company holdings that are remaining, and your holdings and those of your son, still constitute a control of the Chase Bank, do they not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Sir?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You have 10,000 shares, have you not?

Mr. BAKER. I?

Mr. UNTERMYER. Yes.

Mr. BAKER. No, sir.

Mr. UNTERMYER. How many shares have you?

Mr. BAKER. Fifty.

Mr. UNTERMYER. Mr. Wiggin has 10,000 shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. Those he is to keep, is he not?

Mr. BAKER. Sir?

Mr. UNTERMYER. He has 10,000 shares, and the security company still has—

Mr. BAKER. Thirteen thousand.

Mr. UNTERMYER. How much?

Mr. BAKER. A little over 13,000 odd; 13,800 and something.

Mr. UNTERMYER. Thirteen thousand six hundred and thirty-two shares?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That is 23,632 shares; 25,001 are a clear control, are they not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Now, Mr. Hine has a holding, has he not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How large?

Mr. BAKER. I have no idea.

Mr. UNTERMYER. And the rest of the stock is very much scattered, is it not?

Mr. BAKER. No.

Mr. UNTERMYER. How many stockholders are there?

Mr. BAKER. I do not know, but not a great many.

Mr. UNTERMYER. Well, the holdings of Mr. Wiggin and the security company are a virtual control of the bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. Twenty-three thousand six hundred shares out of fifty thousand is a very effective control?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is it or not the fact, Mr. Baker, that in these great companies, like railroad companies and large industrials where the ownership of stocks is scattered, a very small minority is an actual control as a rule?

Mr. BAKER. Yes.

Mr. UNTERMYER. Would you say—

Mr. BAKER. If it is owned by active, enterprising men; yes, sir; who take an interest in the concern.

Mr. UNTERMYER. Well, have you ever seen the men in charge turned out of a big railroad property by the stockholders?

Mr. BAKER. Not when it is properly managed.

Mr. UNTERMYER. Whether properly or improperly managed? Is there a single instance in the history of your business career where the stockholders, widely scattered, in a big railroad or industrial corporation, ever got together and turned out the management, no matter what it was.

Mr. BAKER. I do not recall any.

Mr. UNTERMYER. No. Is it or not then true, that ordinarily in a railroad company where the stock has been held for many years and is widely scattered, that a holding inside the board of directors of 5 or 10 per cent has always assured continuity of management and control?

Mr. BAKER. I do not think it generally makes much difference about the holdings.

Mr. UNTERMYER. The question is who is in the saddle, is it not?

Mr. BAKER. Yes, sir; and how satisfactorily to the stockholders they are handling the property.

Mr. UNTERMYER. How has that ever had anything to do with it in your experience, since you say that none of them ever has been turned out?

Mr. BAKER. I can not recall at the moment any.

Mr. UNTERMYER. Until a management is turned out is it not rather difficult to find out what they have been doing in practical operation?

Mr. BAKER. I never tried. I do not know how difficult it is.

Mr. UNTERMYER. Have you ever known anybody to try in any of the corporations in which you have been identified?

Mr. BAKER. Not that I remember.

Mr. UNTERMYER. When was the capital of the Chase Bank increased to \$1,000,000?

Mr. BAKER. I told you yesterday when you asked me that I could not recall. It was three or four years ago.

Mr. UNTERMYER. No. Three or four years ago it was increased to \$5,000,000.

Mr. BAKER. Oh, what was the question?

Mr. UNTERMYER. I asked you when it was increased to \$1,000,000.

Mr. BAKER. I do not know. I think it was always 1,000,000.

Mr. UNTERMYER. Was it?

Mr. BAKER. I am not certain; I do not know.

Mr. UNTERMYER. You have not any recollection as to that?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Up to the time its capital was increased to \$5,000,000, which you say was about four years ago, what dividend did it pay?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Sir?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. What, with an ownership of 23,000 shares, you can not tell us that?

Mr. BAKER. Oh, I could by looking back, but I do not happen to remember.

Mr. UNTERMYER. No recollection whatever about it?

Mr. BAKER. I have an indistinct recollection it was 12 per cent, but I would not dare to state it was so.

Mr. UNTERMYER. What have been its dividends since its capital was increased to \$5,000,000?

Mr. BAKER. It is paying now 20, and I think awhile ago it paid 12.

Mr. UNTERMYER. On \$5,000,000?

Mr. BAKER. And I think awhile ago it paid 12.

Mr. UNTERMYER. Is it paying 20 on the increased capital to \$5,000,000 and extra dividends besides?

Mr. BAKER. I do not think it has ever paid any extra dividends.

Mr. UNTERMYER. Did it not pay an extra dividend of \$4,000,000 when the capital was increased from \$1,000,000 to \$5,000,000?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. It paid 400 per cent that time?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Did it not, in addition to the 400 per cent at that time, pay the regular dividend?

Mr. BAKER. Oh, I think so.

Mr. UNTERMYER. What is its surplus now?

Mr. BAKER. I think it is about \$5,000,000 or \$6,000,000.

Mr. UNTERMYER. Is the Chase Bank one of the largest correspondent banks in New York?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is it known generally as a bank of banks.

Mr. BAKER. Well, I have heard it said so; yes.

Mr. UNTERMYER. Is that its largest business? That is, what proportion of its deposits consists of the balances of its correspondent banks?

Mr. BAKER. I could not tell you that.

Mr. UNTERMYER. Do you remember what its deposits are, approximately?

Mr. BAKER. About \$100,000,000.

Mr. UNTERMYER. Over \$100,000,000, are they not?

Mr. BAKER. It varies every week. They have been over \$100,000,000.

Mr. UNTERMYER. The proof shows that it had, on a date shown by the figures introduced, 3,103 banks as depositors.

Mr. BAKER. I know that it has a great many. I do not happen to know what number.

Mr. UNTERMYER. Is it a large lender of money on the stock exchange?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is the First National Bank also a large lender on the stock exchange?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who looks after that part of the business for your bank? Is it done by the loan clerk?

Mr. BAKER. Yes; more under the supervision, I think, of the officers, and principally the vice president, Mr. Norton.

Mr. UNTERMYER. Mr. Norton, then, supervises the work of the loan clerk in lending money at the loan stand on the stock exchange?

Mr. BAKER. May I ask a question on that?

Mr. FISHER A. BAKER. You do not mean the loan stand in the stock exchange?

Mr. UNTERMYER. Yes.

Mr. BAKER. The vice president and the cashier together do it. If one happens to be out, the other takes his place for a little while.

Mr. UNTERMYER. Your son is vice president—

Mr. FISHER A. BAKER. You did not mean to say at the loan stand?

Mr. UNTERMYER. Yes. You will have to stop interrupting, please.

You know what the loan stand of the stock exchange is, do you not, Mr. Baker—the place where money is loaned out on the stock exchange?

Mr. BAKER. I have heard so. I have never seen it.

Mr. UNTERMYER. Do you not know that that is where loans are arranged every morning?

Mr. BAKER. Yes; they are arranged over there.

Mr. UNTERMYER. Who is your accredited broker there for loaning money at that place, for the First National Bank? [Addressing Mr. Fisher A. Baker:] You see you were wrong.

Mr. FISHER A. BAKER. No——

Mr. BAKER. I have no idea, unless you let me ask my son.

Mr. UNTERMYER. Well, if you do not know, just say that you do not know; that will be the quickest way.

Mr. BAKER. I do not know.

Mr. UNTERMYER. Can you give us any information as to the amount of money that is loaned out, day by day, by the First National Bank at the loan stand on the stock exchange?

Mr. BAKER. Oh, on many days there is nothing, and on some days there is quite a large amount.

Mr. UNTERMYER. It depends upon the activity of money?

Mr. BAKER. Yes; and upon whether we have a lot of loans paid out, or whether we have a surplus, or whether we want to call in some money.

Mr. UNTERMYER. All that, you say, is done by the cashier and the vice president?

Mr. BAKER. Yes.

Mr. UNTERMYER. How are the interest rates regulated in the lending of this money?

Mr. BAKER. I suppose by the law of supply and demand.

Mr. UNTERMYER. Who passes on the question of collateral?

Mr. BAKER. The loan department; and if there is anything out of the usual well-known collateral it would come before the officers.

Mr. UNTERMYER. Collateral on loans made at the loan stand on the stock exchange has to be listed stock exchange collateral, does it not, if they are made?

Mr. BAKER. I do not know. I presume so.

Mr. UNTERMYER. Who is there in the loan department of the bank that checks and passes the collateral on that class of loans?

Mr. BAKER. I do not know.

Mr. UNTERMYER. You do not know his name?

Mr. BAKER. I am not very familiar with the details of the bank for the last five years.

Mr. UNTERMYER. The system has not changed in the last five years, has it?

Mr. BAKER. No; a man by the name of Nevius did it for 20 or 30 years, when I had charge there. I do not know who does it now.

Mr. UNTERMYER. You are down at the bank every day, are you not?

Mr. BAKER. Not every day.

Mr. UNTERMYER. You are there as often as business requires it? You are in touch with the bank, are you not?

Mr. BAKER. Yes; in a general way.

Mr. UNTERMYER. You know that the general way of doing business in the direction of loaning money on the stock exchange is the same as it was, do you not?

Mr. BAKER. I presume so; yes, sir. I have never heard of a change.

Mr. UNTERMYER. What is the test of a stock exchange loan? Is it the mixed character of the collateral, or listed, or what?

Mr. BAKER. Oh, it is as much who the borrower is as almost anything.

Mr. UNTERMYER. Let us see about that.

Mr. BAKER. And then the standard securities. We generally make it the standard securities. Possibly the loans are made on the security more than on the borrower.

Mr. UNTERMYER. Yes; that is the fact, is it not, that loans on stock exchange collateral are made on the security of the loan?

Mr. BAKER. That is practically so; yes.

Mr. UNTERMYER. You require a given margin of security, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What is the margin of security that you require?

Mr. BAKER. That would vary.

Mr. UNTERMYER. As a matter of fact, Mr. Baker, in the current loans made on stock exchange collateral, does not the bank look to the security and not to the borrower?

Mr. BAKER. Generally.

Mr. UNTERMYER. The personnel of the borrower in that class of loans has nothing to do with it, has it?

Mr. BAKER. I would not say that it has nothing to do with it. We would not accept loans from some parties.

Mr. UNTERMYER. There are some people who could not get money from your bank from the stock exchange, even if they had any amount of collateral?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And those same people could not get loans at other places, could they?

Mr. BAKER. I do not know what they could get at other places. I can only speak as to ourselves.

Mr. UNTERMYER. The general criterion of stock exchange loans, as you say, is the collateral?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any list of these men who, if they had any sort of collateral—an unlimited amount—could not get loans anywhere?

Mr. BAKER. I am not speaking of anywhere else. There is no list in the First National Bank, that I ever heard of.

Mr. UNTERMYER. Do you know of any such list?

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

Mr. UNTERMYER. Is it not a fact that those loans, as a rule, are mechanically placed through the subordinates of the bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. They never come to the head people of the bank as a rule, do they?

Mr. BAKER. I think they do if they are properly looked after. I think we look over our entries every day to see how the loans are made and the amounts.

Mr. UNTERMYER. Do you look at the collateral?

Mr. BAKER. I do not think the officers examine the collateral itself, except as they see it marked on the card.

Mr. UNTERMYER. They see the envelope and the amount there on the outside of the envelope of the collaterals?

Mr. BAKER. Yes.

Mr. UNTERMYER. And that is the criterion by which they judge the loan?

Mr. BAKER. Very much; yes.

Mr. UNTERMYER. If a man of very high character should go to the stock exchange stand and say that he wanted \$100,000 without any collateral, do you think he would be likely to get it?

Mr. BAKER. He could not get it there.

Mr. UNTERMYER. If his broker should go there, you do not think he would be likely to get it?

Mr. BAKER. No, sir; no loan is made without collateral.

Mr. UNTERMYER. It is the collateral that counts, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. I want to ask you some further questions on this coal situation, on this situation of the coal roads, and the coal situation generally.

Mr. BAKER. I am afraid you will not get much information. I will do the best I can, however.

Mr. UNTERMYER. Is there any man in the United States who is more familiar with it than you are?

Mr. BAKER. There are few in the business that are less familiar with it.

Mr. UNTERMYER. I think you told us that you own and control the New York Central?

Mr. BAKER. Oh; no, sir.

Mr. UNTERMYER. You controlled its management, did you not, and that of the Jersey Central, did you not, when you turned it over to the Reading?

Mr. BAKER. I did not mean to make that implication, if I did.

Mr. UNTERMYER. Were you an officer of the road?

Mr. BAKER. At one time; yes, sir.

Mr. UNTERMYER. Were you the president of the road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. What officer were you?

Mr. BAKER. I was chairman of the executive committee, and I think while the president was ill, I was made vice president for the time being.

Mr. UNTERMYER. How many years were you connected with that road?

Mr. BAKER. I think it was since 1887 or 1888, or somewhere along there.

Mr. UNTERMYER. Down to the present time?

Mr. BAKER. Down to the present time.

Mr. UNTERMYER. At the time of its sale to the Reading were you or not by far the largest holder of securities?

Mr. BAKER. I think I was the largest holder.

Mr. UNTERMYER. Did you not hold practically a majority of the road?

Mr. BAKER. Myself?

Mr. UNTERMYER. You and your few friends.

Mr. BAKER. Yes; I think we did.

Mr. UNTERMYER. You were familiar with the operations of the road?

Mr. BAKER. Not very, at that time.

Mr. UNTERMYER. You went over it at certain seasons of the year pretty much every day, did you not?

Mr. BAKER. Only as far as Monmouth, Long Branch.

Mr. UNTERMYER. And since the control of that road has been turned over to the Reading, you have been a director in all those roads, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you attend the meetings?

Mr. BAKER. Sometimes. The Jersey Central has very few meetings.

Mr. UNTERMYER. You have many millions of interest, stock interest, in those roads, have you not?

Mr. BAKER. You are speaking of me officially as well as personally?

Mr. UNTERMYER. No; I am speaking of you actually, in dollars and cents.

Mr. SPOONER. As an individual?

Mr. UNTERMYER. Yes. You have many millions of personal interest in the road?

Mr. BAKER. No. I should not say so. I should not say—

Mr. UNTERMYER. You should say not what?

Mr. BAKER. I should not say many millions.

Mr. UNTERMYER. That depends upon what you call many millions, I suppose?

Mr. BAKER. Yes; I mean according to what your idea is of many millions.

Mr. UNTERMYER. You know what that is, do you? The security company—

Mr. BAKER. Now, Mr. Untermeyer, I gave you that list which you have there, or counsel did, confidentially, simply for you to look over it and see if there is anything there that you thought was wrong or irregular.

Mr. UNTERMYER. No; you did not—

Mr. BAKER. I asked you only to do that, and not to use any of the names in it, unless it was something like the Chase Bank, or the Bank of Commerce, and those things that you wanted to inquire about.

Mr. UNTERMYER. We asked for a complete list of the securities and holdings of the First Security Co.

Mr. BAKER. Yes.

Mr. UNTERMYER. And, in connection with the examination of the banks yesterday, you remember showing the list and saying that you did not like to have all the bank holdings publicly stated?

Mr. BAKER. Yes.

Mr. UNTERMYER. We then agreed as to which should be stated.

Mr. BAKER. That was not my understanding.

Mr. UNTERMYER. Was it not? The record will show.

Now, I want to ask you, Mr. Baker, has not the security company many millions of securities in those coal roads?

Mr. BAKER. Well, several.

Mr. UNTERMYER. Those were securities, were they not, that they received from the bank?

Mr. BAKER. Yes, sir; principally.

Mr. UNTERMYER. These railroads whose securities are held are all interstate roads, are they not?

Mr. BAKER. I should say so, yes. No, is the New Jersey Central an interstate road?

Mr. UNTERMYER. No; I think it is not; I think it is the only one that is not an interstate road, is it not?

Mr. BAKER. I suppose because they run a ferry over to New York, that would make them interstate, perhaps.

Mr. UNTERMYER. We will not bother about that.

Mr. BAKER. The Central Railroad is all in New Jersey, I think.

Mr. UNTERMYER. Mr. Baker, the committee thinks that it is entitled to have, and ought to know, the holdings of the security company in these interstate railroad corporations and other interstate corporations, and will take up that subject with you after recess, when you have consulted with counsel. It is not necessary that the figures should be published now, but they would go into the record eventually if furnished; so that if you will consider that during the recess we can take it up later.

Mr. BAKER. The object of my handing that to you—

Mr. UNTERMYER (interposing). We are not going to use it if you decline to produce it.

Mr. BAKER. I understood that the object in handing that to you was to show you that there was nothing that we had to conceal, really.

Mr. UNTERMYER. But that is another assurance—if you have nothing that you want to conceal, why not have the list go in evidence?

Mr. BAKER. Nothing that we wanted to conceal from you, I said.

Mr. UNTERMYER. It is of no consequence or value to me.

Mr. BAKER. It might be. If you found that we own a majority of the stock of the First National Bank at Chattanooga, or somewhere else, in that list, that would be of consequence to you, in making the laws that you contemplate.

Mr. UNTERMYER. Will you be kind enough, then, to consult, during the recess, with your counsel and let me know?

Mr. BAKER. Yes.

Mr. UNTERMYER. I would like to avoid any discussion.

Mr. BAKER. All right.

Mr. UNTERMYER. Please look at this list and tell me whether that is a correct statement of the proportions of the output of anthracite coal that is shipped from the mines over these railroads. Tell me if those are the correct proportions as stated in this paper which I hand to you.

Mr. BAKER. I shall have to answer that right off that I do not know.

Mr. UNTERMYER. It is taken from the last year's publication of the Financial Chronicle.

Mr. BAKER. That is the only way I have of knowing what they are.

Mr. UNTERMYER. Is not that about accurate?

Mr. BAKER. I should think it was.

Mr. UNTERMYER. I will read that into the record. This is a statement of the entire output of anthracite coal shipped to the market from the mines over the following railroads, in the approximate proportion set opposite.

Mr. SPOONER. Will you not say, Mr. Untermyer, that that is taken from the Financial Chronicle?

Mr. UNTERMYER. Yes; this is taken from the Financial Chronicle [reading]:

The Philadelphia & Reading Railway, 21 per cent; the Central Railroad of New Jersey, 13 per cent; Lehigh Valley Railroad, 17 per cent; Delaware, Lackawanna & Western road, 15 per cent; the Erie Railroad, including the New York, Susquehanna & Western, is 11 per cent; the Pennsylvania Railroad, 9 per cent; the Delaware & Hudson, 10 per cent; the New York Ontario & Western, 4 per cent; total, 100 per cent.

All those roads, except the Delaware & Hudson, reach New York Harbor, do they not?

Mr. BAKER. I think so.

Mr. UNTERMYER. Is all of that output controlled by the roads with which you are identified, except the Pennsylvania output of 9 per cent and the Delaware & Hudson output of 10 per cent, and 4 per cent of the Ontario & Western?

Mr. BAKER. That is what the railroads transport, is it not?

Mr. UNTERMYER. Yes. But I asked whether that entire output of anthracite coal is controlled by the roads with which you are identified, except as to the last three items?

Mr. BAKER. I do not know; but I do not believe it is.

Mr. UNTERMYER. Wherein is that statement incorrect?

Mr. BAKER. I could not tell you. I am not familiar with that thing at all. I know there are independent companies.

Mr. UNTERMYER. You know there are independent railroad companies?

Mr. BAKER. No; independent coal companies.

Mr. UNTERMYER. How can the coal get to market except over the railroads?

Mr. BAKER. I do not know of any other way except over the railroads.

Mr. UNTERMYER. Then you say there are independent coal companies in the anthracite region?

Mr. BAKER. Yes.

Mr. UNTERMYER. And do these railroads with which you are connected compete for that business?

Mr. BAKER. As I said yesterday, I do not believe they do, because they generally have to have a railroad running into the mine.

Mr. UNTERMYER. Let us see what there is about this coal situation.

Mr. BAKER. I know so little about it, Mr. Untermyer—

Mr. UNTERMYER. I think you will find out that you know a great deal more about it than you think you do.

Mr. BAKER. All right.

Mr. UNTERMYER. You remember the bankruptcy of the old Philadelphia & Reading, in 1896?

Mr. BAKER. I know that it did go bankrupt.

Mr. UNTERMYER. And do you remember it was reorganized by J. P. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. You were concerned in the reorganization, were you not?

Mr. BAKER. I think not.

Mr. UNTERMYER. Were you not a large underwriter in that reorganization?

Mr. BAKER. I think not.

Mr. UNTERMYER. You were not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You had no interest in that reorganization?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. You remember it, do you not?

Mr. BAKER. I do not remember that I had any.

Mr. UNTERMYER. It was reorganized with the Philadelphia & Reading Railroad, was it not?

Mr. BAKER. I do not know. If you say so, probably it is correct.

Mr. UNTERMYER. Do you know that?

Mr. BAKER. I do not remember it now, as to what the name of it was.

Mr. UNTERMYER. You remember that there was a voting trust then created?

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

Mr. UNTERMYER. Did you not deal with the voting trustees?

Mr. BAKER. I do not think I had anything to do with it.

Mr. UNTERMYER. Did you not sell the securities to the voting trustees?

Mr. BAKER. No, sir. I sold them to Mr. Baer.

Mr. UNTERMYER. You sold them to Mr. Morgan, did you not?

Mr. BAKER. Yes; through Mr. Morgan to Mr. Baer. I sold them to Mr. Morgan; yes.

Mr. UNTERMYER. You sold them to Mr. Morgan as one of the voting trustees, did you not?

Mr. BAKER. I did not know that.

Mr. UNTERMYER. You did not know to whom you were selling?

Mr. BAKER. Yes; but I did not know that I sold it as a voting trustee.

Mr. UNTERMYER. Did you not get stock back?

Mr. BAKER. No, sir; I got a check.

Mr. UNTERMYER. It was sold for cash, was it?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then you became interested in the Reading, did you not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You did not become a director?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you not a director in that road?

Mr. BAKER. I am now; yes.

Mr. UNTERMYER. When did you become a director?

Mr. BAKER. On the death of Mr. Twombly. The New York Central had a representative. He was the representative of their interest in the Reading, and upon his death they selected me or asked me to take his place.

Mr. UNTERMYER. Do I correctly understand that, following your sale of the Jersey Central to Mr. Morgan for the Reading, you did not become interested in the Reading?

Mr. BAKER. No, sir; and not until after I became a director within a couple of years did I ever own a share of it.

Mr. UNTERMYER. Until a few years ago?

Mr. FISHER A. BAKER. Until two years ago, he said.

Mr. BAKER. A couple of years; just after Mr. Twombly's death, and after I went in the board.

Mr. UNTERMYER. And that is true of the Reading Co., too, is it?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Reading Co. owns the stock of the Philadelphia & Reading Coal & Iron Co., does it not?

Mr. BAKER. I presume so.

Mr. UNTERMYER. Do you not know it as a director?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Does it not also own stock in the Central of New Jersey?

Mr. BAKER. Yes, sir; I know that.

Mr. UNTERMYER. Does it own it all?

Mr. BAKER. No, sir; just a little over half.

Mr. UNTERMYER. Just a little over a control?

Mr. BAKER. I think they bought \$14,000,000 out of \$47,000,000.

Mr. UNTERMYER. The rest of the stock is still held by the public, is it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You are still interested?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does the Reading own stocks of other companies in the same way, just by a control?

Mr. BAKER. I could not tell you. Their reports show. I do not know. I do not remember. Undoubtedly it does.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. BAKER. I believe I am.

Mr. UNTERMYER. How many members are there on the executive committee of the Reading?

Mr. BAKER. I do not know whether there are more than two, Mr. Baer and myself. I do not know who the other member is. We have never had a meeting.

Mr. UNTERMYER. Those two—

Mr. BAKER (interposing). There may be somebody else, too. I have forgotten.

Mr. UNTERMYER. Did the directors ever have a meeting?

Mr. BAKER. Yes; every month.

Mr. UNTERMYER. Do the directors of the Central of New Jersey ever have a meeting?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Lehigh Valley?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Erie?

Mr. BAKER. Yes.

Mr. UNTERMYER. They all meet monthly?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you a member of the executive committee of those roads, too?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You and Mr. Baer together?

Mr. BAKER. Mr. Baer is not in them all.

Mr. UNTERMYER. Who is your associate member of the executive committee in the Erie, for instance? Mr. Underwood?

Mr. BAKER. Yes; he is one; and Mr. Steele.

Mr. UNTERMYER. Mr. Steele, of Messrs. Morgan & Co.?

Mr. BAKER. Yes; and I think Judge Gary, and Governor——

Mr. UNTERMYER. There is a fifth member of that committee, is there not? There are five members of that executive committee?

Mr. BAKER. I think there are seven. Mr. Stetson is a member, too.

Mr. UNTERMYER. Do they ever meet?

Mr. BAKER. Yes.

Mr. UNTERMYER. Frequently?

Mr. BAKER. About once a month, I should say.

Mr. UNTERMYER. Does the Reading own the majority of the Erie, or any part of it?

Mr. BAKER. Not that I know of. I never heard that they did.

Mr. UNTERMYER. But the Erie owns a majority of the New York, Susquehanna & Western, or does it own it all?

Mr. BAKER. I do not know the amount.

Mr. UNTERMYER. You told us yesterday that you thought this was a little branch of a road?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you found out differently since?

Mr. BAKER. No, sir; I have not. You told me it was about 200 miles long.

Mr. UNTERMYER. Do you remember the occasion of the Erie buying the New York, Susquehanna & Western?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you remember that the New York, Susquehanna & Western had completed its lines into the coal fields from tidewater?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And don't you know that it was a competitor of the Erie between the mines and tidewater?

Mr. BAKER. I assume it was.

Mr. UNTERMYER. Is that the reason it was bought?

Mr. BAKER. I do not know. It was long before my day.

Mr. UNTERMYER. Does the Central Railroad of New Jersey own the Lehigh & Wilkes-Barre Coal Co.?

Mr. BAKER. I do not know what proportion, but a large majority of its stock.

Mr. UNTERMYER. Where is the minority?

Mr. BAKER. I do not know.

Mr. UNTERMYER. I want to ask you a few questions about the policy of permitting one railroad company to acquire and own and control a bare majority of the stock without taking care of the minority. Don't you think that the law should require that where a railroad company acquires the majority of another railroad company that it ought also be called upon to offer the minority the same terms?

Mr. BAKER. They might not be able to do that.

Mr. UNTERMYER. Who might not be able to do it?

Mr. BAKER. The railroad which bought it might not have money enough to buy it all.

Mr. UNTERMYER. Then, you would not be in favor, would you, of offering to the minority the same terms that are given the majority when one railroad takes the control of another railroad?

Mr. BAKER. I am so much in favor of that that when I sold the Jersey Central, although it was a personal transaction, I individually offered every stockholder the right to dispose of half his holdings, practically.

Mr. UNTERMYER. I am not speaking of your personally, but of your view of the situation.

Mr. BAKER. That is to show my belief in that thing—that it should be done, if it is practicable to do.

Mr. UNTERMYER. Then, would you be in favor of an amendment of the law that would require a railroad corporation that acquires the control of another railroad company to offer the minority the same terms as the majority?

Mr. BAKER. I would not burden the railroads or any other corporation with too many laws. I think I would trust to the directors to manage it.

Mr. UNTERMYER. How about the minority stockholder who is left out on such a transaction? Don't you think he ought to be protected?

Mr. BAKER. I guess he generally is, is he not?

Mr. UNTERMYER. You think he is?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Don't you know of companies where the control has gone over in that way where the minority has received practically nothing?

Mr. BAKER. Or the majority either?

Mr. UNTERMYER. Where the majority has been bought for the purposes of another railroad and used for the purposes of another railroad to the detriment of the minority. I say, do you not know of such cases?

Mr. BAKER. No; but would not the law—

Mr. UNTERMYER. Do you know of such cases?

Mr. BAKER. I do not recall any, but I do not deny it. I think the law would probably protect the minority.

Mr. UNTERMYER. Never mind about the law.

Mr. BAKER. Well?

Mr. UNTERMYER. You think the law would compel the protection of the minority, do you?

Mr. BAKER. As well as the majority, on the same terms.

Mr. UNTERMYER. Where one railroad acquires control of another, through ownership of the majority of the stock of the other road, is it or not the fact that the controlled road is used primarily for the purposes of the controlling road?

Mr. BAKER. That would seem quite natural.

Mr. UNTERMYER. Well, does it not often happen that when the controlled road is used for that purpose, rather than solely in its own interests, that it is not able to do as well as if it were independent? That is true, is it not?

Mr. BAKER. I think that is true.

Mr. UNTERMYER. That is very largely true in the railroad world, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That being so, do you see that there would be any injustice in requiring that the minority should be dealt with in a case of that kind, in the purchase of the control, just as the majority?

Mr. BAKER. I can not see any.

Mr. UNTERMYER. You think it ought to be done?

Mr. BAKER. I think it would be a very good thing to do.

Mr. FISHER A. BAKER. You do not mean the banker—

Mr. UNTERMYER. I must ask, Mr. Chairman, that we be permitted to proceed with this hearing without interruption.

The CHAIRMAN. We will proceed in order, gentlemen.

Mr. FISHER A. BAKER. It is a matter in which we are very much interested, as well as the examiner.

Mr. UNTERMYER. You have not read the resolution, have you?

Mr. FISHER A. BAKER. Yes, sir; I have; and it is a long one.

The CHAIRMAN. Let us proceed. These colloquies and repartee are interesting on both sides, but it delays the hearing.

Mr. FISHER A. BAKER. We are just as much interested in this as the examiner.

Mr. UNTERMYER. May we have an end to this discussion?

The CHAIRMAN. Proceed in order, gentlemen, and counsel will propound his questions and the witness will answer if he can.

Mr. UNTERMYER. Do you know what proportion of the entire anthracite output is controlled by the Erie and the Reading?

Mr. BAKER. Is not that just what you gave me?

Mr. UNTERMYER. It is about 63 per cent?

Mr. BAKER. We made 21 per cent for the Reading; and what is the other one you asked about? The Erie was about 11, did you say?

Mr. UNTERMYER. Yes.

Mr. BAKER. That would make 32, and the Jersey Central was 10 or 12.

Mr. UNTERMYER. Thirteen.

Mr. BAKER. Thirteen. That would make 45.

Mr. UNTERMYER. That refers to the proportion transported, but what proportion of the deposits is controlled by those two roads, did you know that?

Mr. BAKER. No. I have seen it stated, but I have forgotten.

Mr. UNTERMYER. Was it not about 63 per cent?

Mr. BAKER. I really do not know. I never saw it put together that way. The Reading owns a very large proportion.

Mr. UNTERMYER. Have you ever read the annual report of the Reading Co. for 1901?

Mr. BAKER. No, sir; I do not believe I ever did.

Mr. UNTERMYER. Do you remember the projecting of a competing railroad into the anthracite fields under the name of the New York, Wyoming & Western Railroad?

Mr. BAKER. I remember there was such a thing.

Mr. UNTERMYER. Do you remember that at that time there were some independent operators, and among them Simpson and Watkins?

Mr. BAKER. Yes.

Mr. UNTERMYER. And they controlled a number of mines there in that field, did they not?

Mr. BAKER. I do not know what they controlled. I never was familiar with their affairs, but I know they were coal miners.

Mr. UNTERMYER. You remember, do you not, that they and other independent operators projected this road?

Mr. BAKER. Yes, sir; that is my understanding.

Mr. UNTERMYER. Well, you were a party to the transaction by which those independent mines were bought up, were you not?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Let us see if you were not. Do you remember the organization of the Temple Iron Co., or the acquisition of it, I mean?

Mr. BAKER. No; I do not remember it.

Mr. UNTERMYER. Were you not one of the syndicate that acquired it?

Mr. BAKER. I do not remember. Possibly so, if you have anything to show that I was.

Mr. UNTERMYER. Yes; I have the syndicate agreement there.

Mr. BAKER. Yes. Well, if I am down in it, I will say so. I do not remember it, though.

Mr. UNTERMYER. Let us see. That was rather an important transaction, was it not?

Mr. BAKER. It was not to me.

Mr. UNTERMYER. The putting of these coal companies into Temple Iron Co., was it not?

Mr. BAKER. I presume so. I did not have anything to do with it. Possibly I may have had an interest in it, if it shows there, but I did not take any active part in it, or anything of that kind, anything more than a money interest.

Mr. UNTERMYER. You did not take an active part in it?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. You remember the fact that that was a little company that had been operated by Mr. Baer? You remember that?

Mr. BAKER. I do, now that you state it.

Mr. UNTERMYER. And do you remember that it had about \$71,000 of assets?

Mr. BAKER. No.

Mr. UNTERMYER. And was bought up?

Mr. BAKER. No.

Mr. UNTERMYER. You remember its being bought up and its capital being increased?

Mr. BAKER. Yes; I remember something of that sort.

Mr. UNTERMYER. Do you remember a bond issue of three and a half million dollars?

Mr. BAKER. No.

Mr. UNTERMYER. Of which you took a fifth; do you remember anything about that?

Mr. BAKER. I did not until you told me just now.

Mr. UNTERMYER. Let us see about that.

Mr. BAKER. I will not dispute it. I did not remember it, though.

Mr. UNTERMYER. What was the purpose of acquiring the Temple Iron Co. and increasing its capital and making this stock and bond issue?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. That Temple Iron Co. acquired, did it not, the property of these independent mines with the money that was furnished by this syndicate?

Mr. BAKER. I do not even know that.

Mr. UNTERMYER. What became of that new competing railroad, the New York, Wyoming & Western?

Mr. BAKER. I do not know that. I never heard of its being completed.

Mr. UNTERMYER. Well, that ended that road, did it not?

Mr. BAKER. I suppose so.

Mr. UNTERMYER. I mean the acquisition of those independent mines by the Temple Iron Co. in the interest of these coal roads ended the new road, did it not?

No reply.

Mr. UNTERMYER. I will show you this agreement [handing paper].

Mr. BAKER. You need not take time.

Mr. UNTERMYER. We want to get it straight. Will you look at this and see if it refreshes your recollection as to you, George F. Baker, being one of the seven syndicate subscribers to \$3,390,000 of the securities of the Temple Iron Co., with the Guaranty Trust Co., your associates being J. P. Morgan, Mr. Twombly, Mr. Rockefeller, Mr. Stillman, Drexel & Co., and the Guaranty Trust? Just look it over and see if that does not refresh your memory. Now, will you answer the question?

Mr. BAKER. What is the question?

The question was read by the stenographer.

Mr. BAKER. Not specially. I presume it was just a subscription to bonds, according to that.

Mr. UNTERMYER. You have not any doubt that is right, have you?

Mr. BAKER. Oh, no.

Mr. UNTERMYER. Please mark that.

The paper referred to was thereupon marked "Exhibit No. 199, January 10, 1913," and will be found at the end of this day's proceedings.

Mr. UNTERMYER. About eight years before the Central of New Jersey, or the control of it, was sold to the Reading, you had made a lease of it, had you not?

Mr. BAKER. To the Reading, do you mean?

Mr. UNTERMYER. Yes.

Mr. BAKER. We did once. I do not remember the time.

Mr. UNTERMYER. Well, the courts declared that unlawful, as fostering a monopoly, did they not?

Mr. BAKER. I do not remember the reason; I know it was broken up.

Mr. UNTERMYER. Do you remember in 1899 the independent operators began making an effort to construct a competing line from the coal fields by extending the Erie & Wyoming Valley Railroad?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember that the Pennsylvania Coal Co. was an independent operator prior to 1899?

Mr. BAKER. Somewhere about that time; yes, sir.

Mr. UNTERMYER. You do not recall, do you, that they started the construction of a road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Known as the Delaware Valley & Kingston Railroad?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And you remember nothing about the Erie & Wyoming Valley?

Mr. BAKER. Nothing.

Mr. UNTERMYER. Let us see if you remember anything about this transaction: Do you recall that J. P. Morgan & Co. bought the entire stock of the Pennsylvania Coal Co. and of the Erie & Wyoming Valley Railroad Co. and of the Delaware Valley & Kingston Railroad Co. for \$28,000,000? You remember that transaction, do you not?

Mr. BAKER. I only remember that part of it that applies to the Pennsylvania Coal Co.

Mr. UNTERMYER. You mean you do not remember the names of the railroads?

Mr. BAKER. I did not remember there were any railroads. I would have said it was just the purchase of the Pennsylvania Coal Co. if you had asked me now.

Mr. UNTERMYER. Do you remember that Morgan & Co. turned over that property, which they bought for \$28,000,000, to the Erie Railroad?

Mr. BAKER. I suppose they did.

Mr. UNTERMYER. Well, don't you remember that they did?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you not a director at the time?

Mr. BAKER. In the Erie?

Mr. UNTERMYER. Yes.

Mr. BAKER. I think not.

Mr. UNTERMYER. What?

Mr. BAKER. I think not. What year was that?

Mr. UNTERMYER. 1899.

Mr. BAKER. No; I was not a director.

Mr. UNTERMYER. Don't you remember that the Erie Railroad paid Morgan & Co. \$32,000,000 in bonds and \$5,000,000 bonds in first preferred stock for the property for which Morgan & Co. had paid this \$28,000,000?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And that it was all practically part of one transaction?

Mr. BAKER. No.

Mr. UNTERMYER. Have you any recollection at all of that transaction?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know anything about the New York, Ontario & Western?

Mr. BAKER. Practically nothing. I know there is such a road; that is about all.

Mr. UNTERMYER. Do you know from where to where it runs?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know who controls it?

Mr. BAKER. I can not say; no.

Mr. UNTERMYER. Why, you are a director in the New York, New Haven & Hartford?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Don't you know that that road controls it?

Mr. BAKER. I do not like to say, because I was not quite positive about it. There has been a question there about the control.

Mr. UNTERMYER. You know there has been a question whether it could sell it to the New York Central; is not that it?

Mr. BAKER. Yes.

Mr. UNTERMYER. But you are a director in the New York Central, too, are you not?

Mr. BAKER. Yes. The New Haven, I will say, controls it.

Mr. UNTERMYER. The New Haven now controls it, does it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And that is another road from the anthracite coal fields to tide water, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you know whether it is allowed to compete or whether it is run as a differential road?

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

Mr. UNTERMYER. What is a differential road, Mr. Baker?

Mr. BAKER. I do not know. I could not answer that question.

Mr. UNTERMYER. How many railroads are you a director of?

Mr. BAKER. You told me, I think, 36, a few minutes ago.

Mr. UNTERMYER. No; I ask you how many you are a director of. I never said you were a director in 36 railroads.

Mr. BAKER. I thought you did. I do not know. I can not tell you offhand. I was to mark them at lunch time for you, and then you will get it.

Mr. UNTERMYER. Let us see about that. You are a director, are you not, of 11 railroads? You are a director in the New York Central, are you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And in the New York, New Haven & Hartford Railroad?

Mr. BAKER. Yes.

Mr. UNTERMYER. And in the Reading?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Central Railroad of New Jersey?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Erie?

Mr. BAKER. Yes.

Mr. UNTERMYER. The New York, Susquehanna & Western?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are not sure about that, are you?

Mr. BAKER. I did not remember it.

Mr. UNTERMYER. The Lehigh Valley; are you a director of that?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Delaware, Lackawanna & Western?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Chicago, Burlington & Quincy?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Northern Pacific?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you also a director of the Cincinnati, Hamilton & Dayton?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you a voting trustee there?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you sure about that, Mr. Baker?

Mr. BAKER. I hope so.

Mr. UNTERMYER. You are sure, Mr. Baker?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Will you just guess again and tell us whether you are not a director in the Cincinnati, Hamilton & Dayton. That is under a voting trust, is it not?

No reply.

Mr. UNTERMYER. Were you not concerned in that reorganization as an underwriter with Messrs. Morgan & Co.?

Mr. BAKER. I do not think as an underwriter, was I?

Mr. UNTERMYER. Let me see if I can refresh your memory as to whether you are a director in the Cincinnati, Hamilton & Dayton.

Mr. BAKER. I have answered that question and I will stand on that.

Mr. UNTERMYER. Wait a moment. Are not the voting trustees in that, Daniel Willard, of the Baltimore & Ohio, J. P. Morgan, and Norman B. Ream, under a voting trust that expires in 1913?

Mr. BAKER. I do not know. That is the first I had heard of it.

Mr. UNTERMYER. You do not know whether you are a director?

Mr. BAKER. Oh, yes; I told you I was not.

Mr. UNTERMYER. You are not a director?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You know that the road was in receivership, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. How is it controlled now?

Mr. BAKER. I do not know. I have heard by the Baltimore & Ohio, I think.

Mr. UNTERMYER. Do you not know that the Baltimore & Ohio controls it?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. That is has an option on a majority of the stock?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. Or that Mr. Willard, of the Baltimore & Ohio, is one of the voting trustees.

Mr. BAKER. I did not know it until you told me a moment ago.

Mr. UNTERMYER. There was an underwriting syndicate on the organization of the Cincinnati, Hamilton & Dayton, was there not?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Do you not know whether your bank or you were an underwriter with J. P. Morgan & Co.?

Mr. BAKER. I do not remember that we were.

Mr. UNTERMYER. Do you know whether you were or not?

Mr. BAKER. I would not like to say so under oath, but I think not. Do you know whether we were [addressing George F. Baker, jr.]?

Mr. GEORGE F. BAKER, Jr. I do not think we were, just as you state.

Mr. UNTERMYER. What is that?

Mr. BAKER. I asked my son whether he thought we were, and he said he did not.

Mr. UNTERMYER. My data must be wrong as to that, then. Mr. Baker, do you see any reason why the minority holders in banks should not be represented on the boards through a system of cumulative voting?

Mr. BAKER. I think it works first-rate just as it is.

Mr. UNTERMYER. You think everything is all right as it is in this world, do you not?

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. You would not like to see any kind of a change of any sort, would you?

Mr. BAKER. I will not admit that.

Mr. UNTERMYER. I mean in corporate management.

Mr. BAKER. Yes.

Mr. UNTERMYER. Would you?

Mr. BAKER. I think we have had a great many good changes. Take your national banking act. For 50 years it has been run the same, and it has been run finely.

Mr. UNTERMYER. You think it has run finely and would not like to see it changed?

Mr. BAKER. I would think a number could be made.

Mr. UNTERMYER. What, for instance?

Mr. BAKER. I do not happen to think of any at the moment.

Mr. UNTERMYER. Can you give us any idea of the number of changes?

Mr. BAKER. I will not go into that question, because I have not thought of it.

Mr. UNTERMYER. You would rather see it let alone?

Mr. BAKER. No; I would be very glad to see them make changes. They made some changes two or three years ago for the first time in a century almost, or half a century, and very good ones.

Mr. UNTERMYER. You say we had better let things alone as they are. Don't you think where 51 per cent of a bank is owned by one man or a group of men that the other 49 per cent ought to have the right to some representation on the board of that bank—a legal right to it.

Mr. BAKER. I would not see any objection to any such law.

Mr. UNTERMYER. I say, do you not think that it is right and just that they should have a representation?

Mr. BAKER. I think it would be very fair.

Mr. UNTERMYER. And you would favor such an amendment of the law, would you not?

Mr. BAKER. I would not like to say offhand, but I think I would.

Mr. UNTERMYER. Do you know what cumulative voting is?

Mr. BAKER. No; I do not—enough to speak intelligently.

Mr. UNTERMYER. Cumulative voting would entitle a stockholder who had, say, one-seventh of the stock to have one director if the bank were electing seven directors. Do you see?

Mr. BAKER. Yes.

Mr. UNTERMYER. In other words, every part of the stock would be entitled to vote instead of disfranchising the entire minority. Don't you think that is just?

Mr. BAKER. It seems so to me. I do not think that would be unfair.

Mr. UNTERMYER. What would you say of such a law relative to interstate railroad corporations? Would you give a minority also a representation on the board?

Mr. BAKER. I do not see any objection to it at the moment.

Mr. UNTERMYER. You know that as it stands now they get no representation whatever, do you not?

Mr. BAKER. The minorities?

Mr. UNTERMYER. Yes, sir.

Mr. BAKER. No, sir.

Mr. UNTERMYER. None whatever. Has your bank a bond department?

Mr. BAKER. Yes.

Mr. UNTERMYER. For the sale of your bonds?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And has the Security Co. a department for the sale of securities?

Mr. BAKER. No.

Mr. UNTERMYER. Or is it all done through the bank?

Mr. BAKER. It is done by the officers of the Security Co., who are the same officers.

Mr. UNTERMYER. They are all bank officers?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does this same department do service for both companies in the sale of securities?

Mr. BAKER. We naturally would do it through that department. There are so few of the securities to sell that it would not amount to much. It would be done through that department. We would, naturally, give the order to the First National Bank if we were going to sell something.

Mr. UNTERMYER. Do you know what is the amount of your holdings of securities now in the First National Bank—how much you own in value?

Mr. BAKER. I think it is something over \$40,000,000?

Mr. UNTERMYER. Is it not over \$60,000,000?

Mr. BAKER. Oh, no.

Mr. UNTERMYER. Does the bank own any stocks?

Mr. BAKER. No.

Mr. UNTERMYER. Does it not own some Chicago Street Railway stock?

Mr. BAKER. No; I do not think so. The comptroller would not let us.

Mr. UNTERMYER. Does it not own 1,050 shares?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. It owns bonds of that railroad, does it not?

Mr. BAKER. Quite likely.

Mr. UNTERMYER. Does it not own 750 shares?

Mr. BAKER. That is quite likely.

Mr. UNTERMYER. You say your recollection is that all the security holdings of the First National Bank are not much over \$40,000,000 in value to-day?

Mr. BAKER. Call it \$45,000,000, say. Here is one of our reports. I will tell you in just half a minute. On November 26 there were \$43,466,000.

Mr. UNTERMYER. And the total deposits that day were how much?

Mr. BAKER. \$110,000,000, roughly.

Mr. UNTERMYER. Of that \$110,000,000 you have to keep a reserve of 25 per cent?

Mr. BAKER. Yes, sir—no; that is the gross.

Mr. UNTERMYER. The cash and deposits together were how much?

Mr. BAKER. Oh, no, they are on opposite sides.

Mr. UNTERMYER. I know.

Mr. BAKER. That is it, \$110,000,000.

Mr. UNTERMYER. You say the deposits are among the liabilities?

Mr. BAKER. That is our gross deposits.

Mr. UNTERMYER. \$110,000,000.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You have to keep 25 per cent of that?

Mr. BAKER. Not of that \$110,000,000, because the exchanges, which were about \$10,000,000 that day, and due from banks, over \$2,000,000, are deducted from that.

Mr. UNTERMYER. What is the figure of which you have to keep 25 per cent?

Mr. BAKER. About \$98,000,000, I should say.

Mr. UNTERMYER. Then you have got to keep 25 per cent of \$98,000,000?

Mr. BAKER. Yes.

Mr. UNTERMYER. That leaves about \$74,000,000 available, does it not?

Mr. BAKER. After taking off 25 per cent?

Mr. UNTERMYER. After taking off the cash reserve required to be kept.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Now, you say you have \$43,000,000 of that invested?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That leaves how much available for loaning purposes—about \$30,000,000?

Mr. BAKER. Well, we had \$30,000,000 of demand loans and \$25,000,000 of time loans and discounts.

Mr. UNTERMYER. Of course, you add in there your capital and surplus?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you a director of the Colorado Southern?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you a voting trustee in the Chicago Great Western? I think you said you were.

Mr. BAKER. Yes.

Mr. UNTERMYER. Who are your cotrustees?

Mr. BAKER. I can not say.

Mr. UNTERMYER. Sir?

Mr. BAKER. I am sorry; I can not tell you offhand.

Mr. UNTERMYER. How many of them are there?

Mr. BAKER. I think three. We have never—

Mr. UNTERMYER. When was this voting trust created?

Mr. BAKER. A year or so ago, I think.

Mr. UNTERMYER. In 1909, was it not?

Mr. BAKER. Oh, I should not think so.

Mr. UNTERMYER. Perhaps we can help you out. Are not your co-trustees, who vote for all the directors of the company, Mr. J. P. Morgan and Mr. Robert Fleming, of London?

Mr. BAKER. That is right; that is correct.

Mr. UNTERMYER. You are sure that is right, are you?

Mr. BAKER. Yes. I could not call it to mind at the moment.

Mr. UNTERMYER. Did J. P. Morgan & Co. reorganize that road?

Mr. BAKER. Yes; either they did or they are doing it.

Mr. UNTERMYER. They did reorganize it, did they not?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Were you not an underwriter?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Do you know whether you were or not?

Mr. BAKER. I am very certain—

Mr. UNTERMYER. Is there not some way in which your books would show whether your bank had underwritten the new securities of that road, and to what extent?

Mr. BAKER. Oh, yes; there is some way. I think we did buy some of the bonds.

Mr. UNTERMYER. Did not the security company underwrite part of that issue of those reorganized securities under the reorganization plan?

Mr. BAKER. The Security did not, but the First National Bank had an interest in the bond syndicate.

Mr. UNTERMYER. The First National Bank was an underwriter, was it not?

Mr. BAKER. It had an interest in the bond syndicate. I do not think I knew it before.

Mr. UNTERMYER. They underwrote part of the bond syndicate, did they?

Mr. BAKER. I do not know just what they did.

Mr. UNTERMYER. What was the bond syndicate? What was the amount?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. What was the stock syndicate?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Was there an assessment on the stock?

Mr. BAKER. I do not know that.

Mr. UNTERMYER. Did you underwrite any of the stock?

Mr. BAKER. Personally? No; I know I did not.

Mr. UNTERMYER. Or your bank?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. Or your security company?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You can not tell us?

Mr. BAKER. No, sir; we did not.

Mr. UNTERMYER. You do not know the extent of your participation in the reorganization, do you?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you interested in the road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Why should you be a voting trustee and vote everybody else's stock?

Mr. BAKER. I think probably Mr. Morgan and Mr. Fleming asked me to do it, and I was too good-natured to refuse.

Mr. UNTERMYER. Did Mr. Fleming talk to you about it?

Mr. BAKER. I think he did once.

Mr. UNTERMYER. Do you know by whom you were requested to become a voting trustee?

Mr. BAKER. I do not remember; no, sir.

Mr. UNTERMYER. The powers of a voting trustee are very broad and drastic, are they not?

Mr. BAKER. I suppose so.

Mr. UNTERMYER. Has there ever been a meeting of the voting trustees?

Mr. BAKER. No, sir; not when I have been present.

Mr. UNTERMYER. Do you not know that the stock has been deprived of its vote, and that you have got the vote on that stock?

Mr. BAKER. That is what I suppose; yes, sir.

Mr. UNTERMYER. And yet you do not know whether, in the three or four years in which you have had that power, you have ever had a meeting of the trustees, or whether—

Mr. BAKER (interposing). I do not think it is over a year.

Mr. UNTERMYER. What is that?

Mr. BAKER. I do not think it is much over a year. It seems to me quite recent.

Mr. UNTERMYER. Well, let us see about that.

Mr. BAKER. I will not dispute that. I do not care what time it was. It makes no difference whether it was one year or ten years. The facts are the same.

Mr. UNTERMYER. What are the facts?

Mr. BAKER. The fact that I am a voting trustee.

Mr. UNTERMYER. Has it not been in existence since September, 1909; and does it not expire in September, 1914?

Mr. BAKER. All right; I do not know; I do not dispute that.

Mr. UNTERMYER. At any rate, during all that time, what have you done toward exercising the power put in you by the stockholders on reorganization?

Mr. BAKER. Nothing special.

Mr. UNTERMYER. Have you not named the directors?

Mr. BAKER. In conjunction with the others.

Mr. UNTERMYER. How have you done it?

Mr. BAKER. In the usual way, by appointing a proxy, if I remember correctly.

Mr. UNTERMYER. Who have you appointed as proxy?

Mr. BAKER. I do not remember that.

Mr. UNTERMYER. You mean those things are just sent over from Mr. Morgan's office to you and you sign them?

Mr. BAKER. I do not think they ever were but once.

Mr. UNTERMYER. There have been elections, probably, for three or four years?

Mr. BAKER. I do not happen to remember it.

Mr. UNTERMYER. On whom do you rely in signing papers of that kind where you are constituted a voting trustee?

Mr. BAKER. I would rely in that thing on Mr. Morgan and Mr. Fleming very decidedly.

Mr. UNTERMYER. You are also a voting trustee, are you not, of the Southern Railway?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who are your cotrustees there?

Mr. BAKER. Mr. Morgan and Mr. Lanier.

Mr. UNTERMYER. Mr. J. P. Morgan?

Mr. BAKER. Yes.

Mr. UNTERMYER. How long has that voting trust been in existence?

Mr. BAKER. For a number of years. I could not tell you just how long.

Mr. UNTERMYER. Are you a director in the Southern Railway?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are just a voting trustee?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Were you concerned in the reorganization of the road?

Mr. BAKER. I do not recollect at the moment. I think likely.

Mr. UNTERMYER. Who were the reorganization managers?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. Was it not J. P. Morgan & Co.?

Mr. BAKER. I suppose so. I expect it was.

Mr. UNTERMYER. Is that your recollection?

Mr. BAKER. Yes.

Mr. UNTERMYER. At any rate, they own and control the road, do they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And they do the Chicago Great Western, under this voting trust?

Mr. BAKER. Yes.

Mr. UNTERMYER. Since 1894 have you been exercising the prerogatives of the stockholders in voting that stock?

Mr. BAKER. The Southern?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you had any meetings of the voting trustees?

Mr. BAKER. Very informal ones.

Mr. UNTERMYER. How frequently have they met since 1894?

Mr. BAKER. Probably they would not meet more than once a year.

Mr. UNTERMYER. Have they met once a year?

Mr. BAKER. Not to come together in a formal meeting; no.

Mr. UNTERMYER. How have they met in this informal way that you intimate?

Mr. BAKER. When we come together we speak of it, talk of it.

Mr. UNTERMYER. You talk about that, at least?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You have never talked about the Chicago Great Western as to who should be the directors?

Mr. BAKER. I think I did talk with Mr. Steele one time; not with the other members.

Mr. UNTERMYER. Who have you put on the board of directors of the Southern Railroad? Have you left the same men that were there before?

Mr. BAKER. Practically, but not identically.

Mr. UNTERMYER. You mean when a man dies another is elected?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who elects him?

Mr. BAKER. The active members, like Mr. Finley, would have more to say than almost anybody.

Mr. UNTERMYER. Have you ever talked with Mr. Finley about it?

Mr. BAKER. Yes.

Mr. UNTERMYER. What director has Mr. Finley ever suggested?

Mr. BAKER. I guess he has suggested most of the new ones that have come in.

Mr. UNTERMYER. He is the president of the road?

Mr. BAKER. Yes.

Mr. UNTERMYER. How long has he been president?

Mr. BAKER. Ever since Mr. Spencer died.

Mr. UNTERMYER. Who selected him? You?

Mr. BAKER. The board of directors.

Mr. UNTERMYER. Yes; but what particular man picked him out to run that road?

Mr. BAKER. Mr. Morgan, I should judge; or more likely, Mr. Steele.

Mr. UNTERMYER. As a matter of fact, most of these railroad presidents nowadays are practical railroad men, are they not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. They are selected nowadays because they are practical men and not figureheads?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are they selected generally by the financial interests that are responsible for the road for its successful operation?

Mr. BAKER. That was so in this case.

Mr. UNTERMYER. Is not that the rule?

Mr. BAKER. Yes; I think so.

Mr. UNTERMYER. You are a large stockholder, and your bank is a large stockholder in Southern Railway securities, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is it or not the fact that the Mutual Life, with which you are connected, is a very large holder of Southern Railway securities?

Mr. BAKER. Yes, sir. They are holders.

Mr. UNTERMYER. Do they not hold something over \$10,000,000 of \$12,000,000 of it?

Mr. BAKER. Their statement is there. I should not wonder. It would not be a very large amount for them to hold.

Mr. UNTERMYER. Have there been a number of bond issues of the Southern Railway since 1904 and 1905?

Mr. BAKER. I would not say there have been a number.

Mr. UNTERMYER. Have you not participated in at least five of them?

Mr. BAKER. I did not suppose there were so many.

Mr. UNTERMYER. Let us see if I can remind you

Mr. BAKER. I would not remember, even if you did.

Mr. UNTERMYER. We will try it, anyway.

Mr. BAKER. It was done in the bank.

Mr. UNTERMYER. Were all those bond issues made jointly by the First National Bank with Messrs. Morgan?

Mr. BAKER. I think not.

Mr. UNTERMYER. Let us see if they were.

Mr. BAKER. Well.

Mr. UNTERMYER. The City Bank participated in some of them, did it not?

Mr. BAKER. I think likely.

Mr. UNTERMYER. Who else participated?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Was there, in 1905, a loan made to the company of \$2,000,000 at 5 per cent, payable in semiannual installments?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Was that loan made by Morgan & Co. and yourself?

Mr. BAKER. I do not remember. If you have any record of that fact, we will admit it.

Mr. UNTERMYER (reading):

February 21, 1905—

I am reading from a statement of J. P. Morgan & Co.—

We loaned the company \$2,000,000 at 5 per cent, payable in 6 semiannual installments; associate, First National Bank.

Do you remember that?

Mr. BAKER. I do not happen to remember it. I accept it.

Mr. UNTERMYER. You have no doubt about it?

Mr. BAKER. No.

Mr. UNTERMYER. What is your recollection as to this transaction [reading]?—

November 13, 1905. Loaned the company \$2,750,000 on its 5 per cent notes, running for 9 months; First National Bank and J. P. Morgan & Co.

Mr. BAKER. I think very likely.

Mr. UNTERMYER. And this: You and J. P. Morgan & Co. bought of the company \$2,000,000 of consolidated 5 per cent bonds December 18, 1905?

Mr. BAKER. As I say, I have no definite recollection of it. I do not doubt but what we did.

Mr. UNTERMYER. Are these matters so small that they have escaped your recollection?

Mr. BAKER. No. As I say, I have not had much to do with the bank lately.

Mr. UNTERMYER. But this is back in 1905.

Mr. BAKER. I have forgotten it, then.

Mr. UNTERMYER. You were mighty active then, were you not?

Mr. BAKER. But I have forgotten it.

Mr. FISHER A. BAKER. You must remember, Mr. Untermeyer, that he is 73 years old, and—

Mr. UNTERMYER. Let us proceed in order. Please do not interrupt.

The CHAIRMAN. Yes; let the witness continue. He is answering all the questions.

Mr. UNTERMYER. It is not at all surprising, Mr. Baker, that you should not remember everything.

Mr. BAKER. I am not like you, Mr. Untermeyer.

Mr. UNTERMYER. Here is a transaction: "May 1, 1905, \$15,000,000 development and general mortgage 4s." Do you remember a purchase of that kind in conjunction with Messrs. Morgan and the City Bank?

Mr. BAKER. Practically. I do not remember the date exactly, but I know we bought a lot of bonds there.

Mr. UNTERMYER. That is May, 1909; not 1905.

Mr. BAKER. Yes.

Mr. UNTERMYER. That you would remember, would you not?

Mr. BAKER. I do not remember the date or just the amount.

Mr. UNTERMYER. Do you remember a transaction of this kind: In September, 1909, did you purchase \$5,000,000 of 5 per cent consolidated bonds of the Southern Railway for Messrs. Morgan, your bank, and the City Bank?

Mr. BAKER. I do not happen to remember it. I think I was abroad at that time.

Mr. UNTERMYER. In September? September 20?

Mr. BAKER. In September; yes. I think I was abroad then.

Mr. UNTERMYER. All these questions I have asked concerning these bond and note purchases refer to the Southern Railway.

Mr. BAKER. Yes; I understand.

Whereupon, at 1 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

At the expiration of the recess, the hearing was resumed.

TESTIMONY OF MR. GEORGE F. BAKER—Continued.

Mr. UNTERMYER. Mr. Baker, have you, during the recess, considered with counsel the question of furnishing the information and data referred to in my letter to the First National Bank, of December 24, 1912?

Mr. BAKER. Yes.

Mr. UNTERMYER. What conclusion has been reached?

Mr. BAKER. The advice of our counsel is that you have not a right to ask it, and I do not feel that I have a right to give it. But we want to do what the committee wants and if your committee, after consideration, decides absolutely that you want it, I will ask our directors' permission to give it on next Tuesday.

Mr. UNTERMYER. The committee decided some time ago that it wanted this data when it wrote for it, and if you say you will furnish it, with the approval of your board of directors, I think the Chairman will allow a brief intermission for that purpose.

The CHAIRMAN. The Chair announces that the committee will give time to the witness, who feels that in this matter he is acting in a representative capacity, to submit the matter to the board.

Mr. BAKER. It would take that time to make them up.

Mr. UNTERMYER. Has it not been made up yet?

Mr. BAKER. Not to my knowledge.

Mr. UNTERMYER. None of it has been made up?

Mr. FISHER A. BAKER. Some of it has.

Mr. BAKER. I do not know.

Mr. UNTERMYER. You said it was being made up, subject to the determination of this question?

Mr. FISHER A. BAKER. The word I sent you was that the information was being collected, and it has been.

Mr. UNTERMYER. It has been?

Mr. BAKER. It probably has not been made up, but I do not know.

Mr. UNTERMYER. The committee wants the data called for in the letter of December 24.

Mr. BAKER. I understand that.

Mr. UNTERMYER. Is it understood, then, subject to the ratification of the board, that that data will be furnished the committee before Wednesday next?

Mr. BAKER. Yes; it ought to be able to go off Tuesday night.

Mr. UNTERMYER. We will pass that, then, for the present.

Mr. FISHER A. BAKER. Was not that to be in cases where the amount was over \$500,000?

Mr. UNTERMYER. Where the amount is under \$500,000, we do not care for the transactions.

Mr. BAKER. I would be very glad to have you save us as much work on it as you can, because it is such a short time, but whatever you want we will give you.

Mr. UNTERMYER. The purpose of this committee is to show these large transactions jointly with other banking houses, and where a series of transactions in the same security amount to as much as \$500,000, then we want that transaction or that series. You understand that?

Mr. BAKER. Yes.

Mr. UNTERMYER. You understand, also, that where you buy or sell \$100,000 or \$200,000 of bonds, that is a thing we do not care anything about.

Mr. SPOONER. You still leave the \$500,000 limit?

Mr. UNTERMYER. Yes; \$500,000 and over is the limit.

Mr. BAKER. If we give it to you, we will try to give it to you as near the way you want it as we can.

Mr. UNTERMYER. How do you understand the arrangement, Mr. Baker? That you are to give us all transactions of \$500,000 and over?

Mr. BAKER. What is requested in your letter, all amounts of \$500,000 and over, and amounts under that we need not gather.

Mr. UNTERMYER. That is quite correct.

Mr. FISHER A. BAKER. Was it not part of the arrangement that we should send a witness here?

Mr. UNTERMYER. We will discuss that later.

Mr. BAKER. I do not know what your letter said, but you said the other day back for 10 years, did you not?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes.

Mr. UNTERMYER. You will simply follow the requirements of the letter.

Mr. BAKER. Yes.

Mr. SPOONER. Is that the same letter you addressed to others?

Mr. UNTERMYER. Yes; the same letter which was addressed to others. At the recess the committee was taking up with you the various voting trusts with respect to which you were a voting

trustee. I want to call your attention now to the Cramp Co.—Cramp & Sons is the name of the company, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you a voting trustee there?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who are your associate trustees?

Mr. BAKER. Mr. Stotesbury, and I do not remember the other.

Mr. UNTERMYER. Mr. Stotesbury of the firm of J. P. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. How many are there?

Mr. BAKER. I think there are three.

Mr. UNTERMYER. Is Mr. Rich Rushton the third?

Mr. BAKER. I think he is the third. They are Philadelphia people—the other two.

Mr. UNTERMYER. Do you remember when that voting trust was created?

Mr. BAKER. Several years ago; that is all I know.

Mr. UNTERMYER. Was it in June, 1903?

Mr. BAKER. Was it as long as that? I did not think it was so long.

Mr. UNTERMYER. Is it still in force?

Mr. BAKER. Yes.

Mr. UNTERMYER. Was that voting trust created incidentally to a reorganization of Cramp & Sons?

Mr. SPOONER. Is that the shipbuilding company?

Mr. UNTERMYER. Was it?

Mr. BAKER. I am trying to think. I do not remember whether it was reorganized or not.

Mr. UNTERMYER. You do not know how you became a voting trustee?

Mr. BAKER. I have forgotten.

Mr. UNTERMYER. Were you interested in the company?

Mr. BAKER. Slightly.

Mr. UNTERMYER. Was the bank interested?

Mr. BAKER. They may have had some loans or something in it, but I do not remember.

Mr. UNTERMYER. You do not remember the character of your interest?

Mr. BAKER. No.

Mr. UNTERMYER. Or the amount of it?

Mr. BAKER. No. It was very small, if any.

Mr. UNTERMYER. Who had charge of the transaction?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. Was it not J. P. Morgan & Co.?

Mr. BAKER. I do not think so, but I do not remember.

Mr. UNTERMYER. I mean the Philadelphia firm of Drexel & Co.

Mr. BAKER. The same thing; yes, sir.

Mr. UNTERMYER. It was Drexel & Co., was it not?

Mr. BAKER. I do not remember. I think likely.

Mr. UNTERMYER. Who asked you to become a voting trustee?

Mr. BAKER. I do not recall. I presume it was Mr. Stotesbury, but I do not recall.

Mr. UNTERMYER. From 1903 on, have you and Mr. Stotesbury named the directors of the company?

Mr. BAKER. Yes, sir; I think so.

Mr. UNTERMYER. Have you met for the purpose?

Mr. BAKER. Not formally.

Mr. UNTERMYER. Have you talked it over together?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you named anybody?

Mr. BAKER. No.

Mr. UNTERMYER. Who named them? Did Mr. Stotesbury select them?

Mr. BAKER. I think I did name one. I think I named some years ago Mr. Hine; yes.

Mr. UNTERMYER. But the others were named by whom?

Mr. BAKER. I do not remember. We generally would talk it over and did not name anybody particularly.

Mr. UNTERMYER. You say you and Mr. Stotesbury talked it over?

Mr. BAKER. Well, Mr. Rushton, more likely. He was right there in Philadelphia, and he probably talked it over.

Mr. UNTERMYER. But you do not remember anything about how they were named?

Mr. BAKER. No.

Mr. UNTERMYER. You said you were a director of the Northern Pacific Railway Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you been a director ever since the reorganization?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you not concerned in the reorganization?

Mr. BAKER. I think not. I am quite certain not.

Mr. UNTERMYER. When I say you, was not your bank concerned?

Mr. BAKER. I understood what you meant.

Mr. UNTERMYER. Mr. James J. Hill, of the Great Northern is an influential director in your bank?

Mr. BAKER. I hope so.

Mr. UNTERMYER. What?

Mr. BAKER. I hope he is influential.

Mr. UNTERMYER. Do you know whether or not he is an influential director?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. He is, is he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Through Mr. Hill has the bank done a great deal of business with the Great Northern Railway?

Mr. BAKER. I can not remember but one transaction, but still I would not—

Mr. UNTERMYER. Have you not made bond issues for them?

Mr. BAKER. I think not. I do not remember but one.

Mr. UNTERMYER. You have made whatever bond issues they have had, have you not?

Mr. BAKER. I think that is the only one they have had.

Mr. UNTERMYER. How large a bond issue was that?

Mr. BAKER. Twenty millions. I was in Europe at the time and I do not remember.

Mr. UNTERMYER. Did you have any banking house associated with you?

Mr. BAKER. Did we?

Mr. UNTERMYER. Did you not make it in conjunction with J. P. Morgan & Co.?

Mr. BAKER. I was just asking. I was in Europe and did not know anything more about it than you do.

Mr. UNTERMYER. What is your information?

Mr. BAKER. My information is that we did—J. P. Morgan & Co. were interested with us.

Mr. UNTERMYER. Are any of the members of your bank directors in the Great Northern?

Mr. BAKER. No, sir; leaving out Mr. Hill, of course.

Mr. UNTERMYER. Other than Mr. Hill?

Mr. BAKER. No.

Mr. UNTERMYER. The Northern Pacific and the Great Northern are supposed to be competitors, are they not?

Mr. BAKER. Yes, sir; I just left the gentleman that made us competitors.

Mr. UNTERMYER. You mean you just left Mr. Wickersham?

Mr. BAKER. No; Mr. Knox is the fellow who did that.

Mr. UNTERMYER. Since he made you competitors has there been any difference in the manner of running that business than there was before?

Mr. BAKER. I do not happen to know any two roads where there is more competition than there is between those.

Mr. UNTERMYER. Mr. Hill is largely interested in both, is he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. He has practically a controlling voice in both?

Mr. BAKER. No; I could not say that.

Mr. UNTERMYER. Don't you know he has?

Mr. BAKER. No.

Mr. UNTERMYER. Do you know whether he has or not?

Mr. BAKER. No. I should say he has not.

Mr. UNTERMYER. Do you know the extent of his holdings?

Mr. BAKER. No. I think when the Northern Securities was divided up he had more Northern Pacific than he had Great Northern.

Mr. UNTERMYER. And so did every stockholder.

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. You were among them, were you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have securities in both, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And so has your bank, has it not?

Mr. BAKER. You mean the trust company?

Mr. UNTERMYER. The security company.

Mr. BAKER. Yes.

Mr. UNTERMYER. The security company has them now?

Mr. BAKER. Yes.

Mr. UNTERMYER. With that identity of stock ownership in the two competing companies you do not think that that interferes at all with their competitive character?

Mr. BAKER. It does not seem to.

Mr. UNTERMYER. You do not think it does?

Mr. BAKER. No.

Mr. UNTERMYER. You think if a man has the same amount of securities in two competing companies that he would try just as hard to compete, one with the other, as if he had not?

Mr. BAKER. He practically has no more to do with it than you have. That is done by the officers of the company. They do not pay any attention to the directors.

Mr. UNTERMYER. The officers pay no attention to the directors?

Mr. BAKER. That is, in regard to their business.

Mr. UNTERMYER. The policy of a railroad company, then, is determined entirely by its officers, and the directors have nothing to do with it?

Mr. BAKER. I do not know as the policy is.

Mr. UNTERMYER. Sir?

Mr. BAKER. I do not know that the policy is, but competition for the business is.

Mr. UNTERMYER. Is not competition a question of policy, the extent to which it shall be carried?

Mr. BAKER. I never heard of it coming up in a board, though.

Mr. UNTERMYER. What?

Mr. BAKER. That is one of the things that is supposed to be always to the extent that you can get it.

Mr. UNTERMYER. Who are the officers of the Northern Pacific and Great Northern? Who are the presidents?

Mr. BAKER. Mr. Elliott is the president of the Northern Pacific, and a gentleman named Gray has just become president of the Great Northern.

Mr. UNTERMYER. Who selected them?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Was it Mr. Hill?

Mr. BAKER. He did not select Mr. Elliott. I do not know whether he selected Mr. Gray or not.

Mr. UNTERMYER. How do you know he did not select Mr. Elliott?

Mr. BAKER. Because that was the Northern Pacific.

Mr. UNTERMYER. Yes; but since the so-called break-up of the Northern Securities Co., has not Mr. Hill been quite as dominant in one as in the other?

Mr. BAKER. Oh, no, no.

Mr. UNTERMYER. He has a larger holding in the Northern Pacific?

Mr. BAKER. I do not know. When the division occurred he certainly had, but whether he has now, I do not know. I do not know whether he has any now.

Mr. UNTERMYER. He started with larger holdings in the Northern Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. From whom do the officers take their instructions, if not from Mr. Hill?

Mr. BAKER. They take them from the president.

Mr. UNTERMYER. But Mr. Elliott is the president.

Mr. BAKER. Oh.

Mr. UNTERMYER. From whom does he take his instructions as to the policy?

Mr. BAKER. I guess that is the officers' business to make their own policy. If there is any special policy the directors or executive committee would give it to them.

Mr. UNTERMYER. Then the board of directors or executive committee do, in effect, lay down the policy, do they not?

Mr. BAKER. They could, but I do not remember of their ever doing it.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Of the Northern Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And is Mr. Hine a member of the board of the Great Northern?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember when a man named Alvord decamped with about \$700,000 of the First National Bank's money?

Mr. BAKER. I do not think I am likely to forget it.

Mr. UNTERMYER. No; that is one of the things you do remember. When was that?

Mr. BAKER. Well, I can not remember the date, but I remember the circumstance.

Mr. UNTERMYER. The year, about?

Mr. BAKER. Oh, 10 or a dozen years ago, I should think; 10 or 15.

Mr. UNTERMYER. It amounted to about \$700,000, did it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. From what fund was that loss charged off?

Mr. BAKER. Profit and loss account.

Mr. UNTERMYER. The charging off of that loss did not affect the surplus for that year, did it?

Mr. BAKER. I do not believe it did. Of course we probably had enough money without it.

Mr. UNTERMYER. That is just what I want to find out, where you carry this money which enables you to charge off a loss of \$700,000 without interfering with your surplus and profits.

Mr. BAKER. I have no recollection of that item, but we probably carried up profits that year sufficiently to do it.

Mr. UNTERMYER. No; but it did not come out of your profits that year at all, did it? It came out of a suspense account?

Mr. BAKER. I do not think so, but if you say it did, I will not dispute you.

Mr. UNTERMYER. Do you know?

Mr. BAKER. I do not remember. I know we made money enough that year to take care of it.

Mr. UNTERMYER. No; but apart from the money you made that year, was any part of that profit charged off from your profits of that year, or was it charged off from another fund?

Mr. BAKER. It was not charged off from another fund. Every dollar must have been charged off from that fund, or into suspended debt, I do not know.

Mr. UNTERMYER. That is what I am talking about. Was it not charged off from a suspense account which did not go into the profits at all, and is there not a large suspense account of that kind?

Mr. BAKER. No.

Mr. UNTERMYER. Do you know whether there is such an account?

Mr. BAKER. Certainly there is.

Mr. UNTERMYER. Do you know how large it is?

Mr. BAKER. Yes, sir; to-day it is about \$140,000.

Mr. UNTERMYER. Do you know whether it has been very many millions of dollars at times?

Mr. BAKER. Oh, no, no.

Mr. UNTERMYER. Is there any objection to producing the figures with respect to that account?

Mr. BAKER. You mean the items that have been charged?

Mr. UNTERMYER. No; I do not care for the items, but I only care for the yearly statement of that account.

Mr. BAKER. I do not know that there is, if it is of any use to you. It is just the ordinary transactions of the bank.

Mr. UNTERMYER. Well, of course, that would be determined by the account itself, would it not, Mr. Baker, as to what transactions were covered by that kind of an account.

Mr. BAKER. Well, all right, if you want it.

Mr. UNTERMYER. Then you will furnish it?

Mr. BAKER. Yes.

Mr. UNTERMYER. When the capital of your bank was increased to \$10,000,000, was not 40 per cent of that stock sold to certain individuals?

Mr. BAKER. Yes.

Mr. UNTERMYER. Sixty per cent of it was divided among the rest of the stockholders?

Mr. BAKER. Yes.

Mr. UNTERMYER. In what year was that?

Mr. BAKER. I have forgotten the year. You have it right on the record there.

Mr. UNTERMYER. It was 1901, was it not?

Mr. BAKER. All right.

Mr. UNTERMYER. What individuals got the 40 per cent?

Mr. BAKER. I do not see of what interest that is.

Mr. UNTERMYER. We think it is very much of interest. The capital of a national bank is increased from half a million dollars to \$10,000,000, and the committee wants to know how that 40 per cent was divided, and where it went.

Mr. FISHER A. BAKER. We will furnish you a witness—

Mr. UNTERMYER. Now, Mr. Baker, I must insist upon proceeding here without interruptions.

Mr. FISHER A. BAKER. We have had a discussion about that, Mr. Untermyer—

Mr. UNTERMYER. I must ask, Mr. Chairman, that Mr. Baker not interrupt the hearing.

The CHAIRMAN. Gentlemen, the hearing must proceed in order.

Mr. FISHER A. BAKER. We have had a discussion with Mr. Untermyer, but all right, go on.

Mr. UNTERMYER. Will you tell us where that 40 per cent of the increased stock went?

Mr. BAKER. I would like to consult counsel just a moment.

Mr. UNTERMYER. Certainly.

The witness held a short consultation with counsel.

Mr. UNTERMYER. Have you consulted now with counsel?

Mr. BAKER. May I answer another question there?

Mr. UNTERMYER. Certainly.

Mr. BAKER. You asked about that Alvord thing. I do not know how it was, but my son tells me now that we charged \$700,000, or whatever the amount was, to profit and loss, and we had a large profit in our bond account, or sufficient to carry that or some similar sum to profit and loss, to the credit of profit and loss.

Mr. UNTERMYER. You mean that you had an undisclosed profit in your bond account?

Mr. BAKER. Yes.

Mr. UNTERMYER. In a separate account?

Mr. BAKER. No.

Mr. UNTERMYER. Where was it?

Mr. BAKER. For instance, we had \$100,000 of bonds that stood us in \$90,000, and they were worth \$100,000; there was \$10,000, and I might take that and carry up \$10,000. It was not on any one account, but a number of them.

Mr. UNTERMYER. So you revalued your securities and put them at more nearly their proper value, and in that way you made up the \$700,000.

Mr. BAKER. That is the way that was done; yes, sir.

Mr. UNTERMYER. You were in the habit of carrying your securities much below their real value?

Mr. BAKER. They would depreciate—we used to charge 4 per cent, and they earned 5 and 6, and we gradually brought them down until we closed them out, and when we closed them out we carried it up to profit and loss. I did not mean that to go on the record.

Mr. UNTERMYER. You mean you had a custom of charging them up at a low rate of interest, and all excess of interest was added into this account?

Mr. BAKER. Yes.

Mr. UNTERMYER. When the stock was increased from \$500,000 to \$10,000,000, was 60 per cent of that increase of nine and a half million dollars divided among the stockholders?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And was the other 40 per cent kept back in a sort of trust fund?

Mr. BAKER. No, sir; it was sold to me for \$300 a share.

Mr. UNTERMYER. You bought it at \$300 a share?

Mr. BAKER. That is my remembrance.

Mr. UNTERMYER. How much of it was it that you bought at that time?

Mr. BAKER. 40,000 shares.

Mr. UNTERMYER. That is, 40,000 shares of the present stock?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is that in addition to what you already held?

Mr. BAKER. Oh, yes; it has nothing to do with that.

Mr. UNTERMYER. That made your holdings how much—60,000 shares?

Mr. BAKER. I can not tell you, without looking back.

Mr. UNTERMYER. You only appeared on the books, you know, for 20,000.

Mr. BAKER. Because I bought it with the object of placing it, generally, where it would do the most good.

Mr. UNTERMYER. You did dispose of that stock subsequently?

Mr. BAKER. Yes.

Mr. UNTERMYER. Having bought it at \$300?

Mr. BAKER. Yes.

Mr. UNTERMYER. The present quoted price of First National Bank stock is how much?

Mr. BAKER. About \$1,000.

Mr. UNTERMYER. About \$1,080 a share, is it not?

Mr. BAKER. No; I think not. I heard the other day that somebody wanted it at \$1,000.

Mr. UNTERMYER. You mean that \$1,000 was offered?

Mr. BAKER. There have been sales within a few days at that price.

Mr. UNTERMYER. There has been sales within a few days at that price?

Mr. BAKER. \$1,000.

Mr. UNTERMYER. At \$1,000 a share? At that price Mr. Morgan's personal interest in the way of stock holdings in your bank was about \$15,000,000 in money, was it not?

Mr. BAKER. I do not want to discuss the personal affairs of my friends or myself.

Mr. UNTERMYER. The ownership and control of a national bank is not a personal affair, in the view of the committee.

Mr. BAKER. Oh. When you come to the prices and details of that kind it seems so to me.

Mr. UNTERMYER. He has 14,500 shares in his own right, has he not?

Mr. BAKER. I have not looked it up. You state that as the amount.

Mr. UNTERMYER. Do you not know it?

Mr. BAKER. I have no doubt that is correct.

Mr. UNTERMYER. And Mr. Davison has 1,000 shares, has he not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And Mr. Lamont has some more?

Mr. BAKER. I think we sent you a list of the stockholders, though I did not see it.

Mr. UNTERMYER. To what extent has the First Security Co., if to any extent, parted with bank stocks that it held in 1908, apart from its sale of the Chase stock?

Mr. BAKER. Very little. I can not tell you.

Mr. UNTERMYER. Can you give us no list of the bank stocks with which it has parted?

Mr. BAKER. I could from the books, but it can not be more, or I do not believe it is more than 2,000 shares. A couple of thousand shares would cover it, anyway, I am sure.

Mr. UNTERMYER. Referring back, now, to the talk you say you had with Mr. Morgan and Mr. Stillman about the purchase of the Equitable stock; before it was purchased, what reason did Mr. Morgan give for wanting to take that stock from Mr. Ryan?

Mr. BAKER. I can not remember that he gave any special reason, except that he thought it would be a good thing to be in his hands.

Mr. UNTERMYER. When he said he thought it would be a good thing to be in his hands, rather than in the hands of Mr. Ryan, what did you understand that to mean?

Mr. BAKER. I did not understand that to mean much of anything. I did not take much interest in it.

Mr. UNTERMYER. Then what he said to you was unintelligible to you, was it?

Mr. BAKER. I should not say that.

Mr. UNTERMYER. Tell us how intelligible it was and what you understood it to mean, then.

Mr. BAKER. I understood it to mean that he wanted to do it. That is all the attention I paid to it.

Mr. UNTERMYER. He did not tell you why he wanted to do it?

Mr. BAKER. I do not think he did.

Mr. UNTERMYER. You did not ask him?

Mr. BAKER. I am sure I did not.

Mr. UNTERMYER. Did he say that it was not safe with Mr. Ryan?

Mr. BAKER. I should not think so.

Mr. UNTERMYER. You did not get any such idea as that, did you?

Mr. BAKER. No; I think he thought it was better in his own hands.

Mr. UNTERMYER. Better for what?

Mr. BAKER. I do not know and did not ask him.

Mr. UNTERMYER. You said yesterday that it was one of those generous things that he did?

Mr. BAKER. Yes.

Mr. UNTERMYER. You say you do not know what he meant or why he did it? I would like to know what there was generous about it.

Mr. BAKER. Perhaps he did not think so. I did. I do not believe he is going to make any money out of it.

Mr. UNTERMYER. You do not think he will make any money out of it?

Mr. BAKER. I never did. I do not think he intended to, either.

Mr. UNTERMYER. Why did he do it?

Mr. BAKER. I can not tell you.

Mr. UNTERMYER. What do you mean by saying that it was a generous thing? What was the occasion for it?

Mr. BAKER. I can not tell you. He is the judge of that. I am not.

Mr. UNTERMYER. We want to see where we are going, and we want to understand it. Yesterday you said that it was one of those generous things that Mr. Morgan did, and you thought you might as well go along with it—you and Mr. Stillman; is that right?

Mr. BAKER. That is correct.

Mr. UNTERMYER. I want you to tell us wherein there was any generosity about it.

Mr. BAKER. I think it is always a generous thing to do a thing that is pro bono.

Mr. UNTERMYER. Wherein was there anything pro bono about that? Did you see anything pro bono about it?

Mr. BAKER. I did not see any profit in it.

Mr. UNTERMYER. Did you see anything pro bono about it?

Mr. BAKER. I think it was just as good in his hands as it was to run the chance of its being distributed all over in small amounts.

Mr. UNTERMYER. Who was distributing it? Mr. Ryan did not want to sell it, did he?

Mr. BAKER. I do not know. Mr. Ryan did not own it.

Mr. UNTERMYER. Did you not read Mr. Morgan's testimony?

Mr. BAKER. I did not read all of it.

Mr. UNTERMYER. You read where he said that Mr. Ryan hesitated about selling it, but he sold?

Mr. BAKER. Yes. I remember that.

Mr. UNTERMYER. You have no doubt that that is correct, have you?

Mr. BAKER. No; I do not think so.

Mr. UNTERMYER. Then see if you can not make us understand where there was anything pro bono about it, except that Mr. Morgan would like to have the stock?

Mr. BAKER. I call it pro bono when the thing had no prospect of any profit in it.

Mr. UNTERMYER. Let us see about the prospect of profits.

Mr. BAKER. That does not interest me at all.

Mr. UNTERMYER. It may interest the committee.

Mr. BAKER. All right. I simply did not like to take up the committee's time with it.

Mr. UNTERMYER. This stock, at the price that he was paying, yielded about one-ninth of 1 per cent a year, did it not? That is all the return it yielded?

Mr. BAKER. It is so stated, and I suppose it is correct.

Mr. UNTERMYER. When Mr. Morgan talked with you and Mr. Stillman about it, did he tell you he was going to try to mutualize the company?

Mr. BAKER. I do not remember that he did. Possibly. Oh, no; I do not think he did.

Mr. UNTERMYER. Did you understand that he was going to try to mutualize the company?

Mr. BAKER. I do not think so, at that time.

Mr. UNTERMYER. How soon after that did he suggest that he was going to try to mutualize the company?

Mr. BAKER. I do not believe he ever suggested it to me.

Mr. UNTERMYER. You know that he has started it, do you not?

Mr. BAKER. I heard it in a general way; yes. I do not think he has ever mentioned the Equitable to me from that day to this.

Mr. UNTERMYER. Who told you that he was going to try to mutualize the Equitable Co.?

Mr. BAKER. The first I had thought of it was what you told me yesterday.

Mr. UNTERMYER. You knew that that meant getting back the money that was paid for the stock, did you not?

Mr. BAKER. If he does, I should be very glad.

Mr. UNTERMYER. Did you not know that he refused to mutualize the company unless he could get his money back?

Mr. BAKER. I did not know that until you say so now.

Mr. UNTERMYER. Have you heard nothing about the proposed mutualization of the company?

Mr. BAKER. I have just heard it talked of in a general way, but I never paid any special attention to it.

Mr. UNTERMYER. You told us yesterday that from your experience with a mutual company the people who run the company are the people who control it. Is not that right?

Mr. BAKER. The people who control it?

Mr. UNTERMYER. No. Do you not understand from your experience with a mutual company that the policy holders have very little to do with the directing and management or electing the management?

Mr. BAKER. Yes; they take very little interest in it.

Mr. UNTERMYER. Yes. And the fact is that the people in control stay there, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Applying that rule to this pro bono publico proposition of yours, do you think there would be anything very much pro bono publico in Mr. Morgan and yourself getting back the \$3,000,000 as an incident to the mutualizing of the company and having the control remain just as it is?

Mr. BAKER. I think it might have been. They took all the risk of getting that, and just simply to get their money back and keep the thing from being scattered, where some persons would have practical control of the majority of the stock.

Mr. UNTERMYER. But that would be a pretty good deal, to get their money back with interest and then have the control of the company, would it not? It looks like a good deal, does it not?

Mr. BAKER. I do not think they have any control now, or ever had.

Mr. UNTERMYER. They would have the same as they have now?

Mr. BAKER. I suppose they would.

Mr. UNTERMYER. And their money back?

Mr. BAKER. Yes. No; I remember now that it is not in his hands. It is in the hands of the three trustees.

Mr. UNTERMYER. Yes.

Mr. BAKER. One was Grover Cleveland, one Judge O'Brien, and I do not know who the other one was. They are the people that have it.

Mr. UNTERMYER. But 24 out of 52 directors are elected by the stock, are they not?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Do you not recall that?

Mr. BAKER. I did not know it at all.

Mr. UNTERMYER. The trust to Grover Cleveland and his associates was only with respect to the remaining 28 directors?

Mr. BAKER. I do not remember; no, sir.

Mr. UNTERMYER. You remember it now, do you not?

Mr. BAKER. You have told me.

Mr. UNTERMYER. But do you not remember it now that I remind you of it?

Mr. BAKER. No; I did not happen to remember the figures.

Mr. UNTERMYER. Twenty-four directors elected by one block of stock out of 52 is a pretty good control, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is Mr. Morgan recognized as the great general in this financial army down in Wall Street?

Mr. BAKER. That is according to who is talking. When we talk about him, as his friends, we think he is.

Mr. UNTERMYER. Is he not generally so recognized?

Mr. BAKER. I think so.

Mr. UNTERMYER. And you and Mr. Stillman are recognized as his chief lieutenants?

Mr. BAKER. I do not think so; no, sir.

Mr. UNTERMYER. Who are his chief lieutenants?

Mr. BAKER. I do not know. The members of his firm, I suppose.

Mr. UNTERMYER. Try to overcome your modesty, Mr. Baker.

Mr. BAKER. Yes.

Mr. UNTERMYER. You think the members of Mr. Morgan's firm are his chief lieutenants in this financial army?

Mr. BAKER. During the panic I think Mr. Stillman and I were.

Mr. UNTERMYER. Waiving all questions of modesty, you are, are you not?

Mr. Morgan and Mr. Stillman and yourself are the three dominant powers down there, are you not?

Mr. BAKER. I will not confess to that.

Mr. UNTERMYER. How far will you go?

Mr. SPOONER. He is not obliged to incriminate himself, is he?

Mr. BAKER. I will confess it during the panic.

Mr. UNTERMYER. You will confess that that is what happened during the panic—that Mr. Morgan was the general and you were his lieutenants?

Mr. BAKER. Yes.

Mr. UNTERMYER. He has not surrendered that post, has he?

Mr. BAKER. No; I guess it has expired—

Mr. UNTERMYER (interposing). By limitation?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who takes his place? You?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. During the panic, is it the fact that Mr. Morgan designated to each of these banks the amount of money they should supply, and that they did it?

Mr. BAKER. I think not. I never heard of it.

Mr. UNTERMYER. Was it not necessary to raise considerable money there to help out the banks and trust companies that were in distress?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And whose word was law at that time?

Mr. BAKER. Nobody's. It was generally by solicitation and general assent.

Mr. UNTERMYER. Who fixed the amount that each of the banks should contribute or loan?

Mr. BAKER. I think each one of them fixed it themselves.

Mr. UNTERMYER. In your judgment, is Mr. Morgan the most dominant power in the financial world to-day? Far above anything else?

Mr. BAKER. He would be if he were younger in years. I do not know his superior.

Mr. UNTERMYER. You do not know anybody who is recognized as a dominant power except Mr. Morgan?

Mr. BAKER. No one any more so than he; no.

Mr. UNTERMYER. There is nobody as much so, except yourself, is there?

Mr. BAKER. And yourself. Get us both in.

Mr. UNTERMYER. How is that, Mr. Baker, seriously?

Mr. BAKER. There is no particular dominant power.

Mr. UNTERMYER. When did there cease to be a dominant power?

Mr. BAKER. When activities ceased. During the panic it was so.

Mr. UNTERMYER. You mean there has not been much business since then?

Mr. BAKER. There has been big business, but it goes on in its natural course.

Mr. UNTERMYER. You mean there has not been any great big business like the steel company and those large flotations.

Mr. SPOONER. He did not say that.

Mr. UNTERMYER. Is that what you mean?

Mr. BAKER. I mean that there have not been disturbances and anxieties.

Mr. UNTERMYER. What would be likely to happen to a man in business or finance who required credit on whom the weight of the displeasure of the firm of Morgan & Co. should fall, or in whom that firm might, rightly or wrongly, lose confidence?

Mr. BAKER. I do not think it would make any particular difference.

Mr. UNTERMYER. You do not think it would make any difference whatever if they lost confidence in a man who was in large financial transactions?

Mr. BAKER. Oh, if you put it that way, any institution—

Mr. UNTERMYER. I am pointing out this particular case now. What would happen to that concern?

Mr. BAKER. It is according to how the others lost confidence. That would embarrass them, undoubtedly.

Mr. UNTERMYER. Let us see. Will you be good enough to name a single transaction in the last 10 years of over \$10,000,000 in amount which has been financed without the participation of Messrs. Morgan & Co., or the First National Bank, or the City Bank, or Kuhn, Loeb & Co., or Speyer & Co., or Lee, Higginson & Co., or Kidder, Peabody & Co., of Boston, and the First National Bank and the Illinois Trust & Savings Bank, of Chicago? Take the whole range of transactions and point to a single one that has been financed without the cooperation of some one of those institutions.

Mr. BAKER. I am not sufficiently familiar with it to tell you, but I should judge that White, Weld & Co. and Rollins—I think the firm is Rollins & Co.—have done it.

Mr. UNTERMYER. Do you not know that White, Weld & Co.'s business is largely that of marketing the bonds that are issued by J. P. Morgan & Co.?

Mr. BAKER. No, sir; I should not think so.

Mr. UNTERMYER. You know they do market their bonds, do you not?

Mr. BAKER. Yes; as everybody does.

Mr. UNTERMYER. But do you not know that White, Weld & Co. and Kissel, Kinnicutt & Co. market largely J. P. Morgan & Co.'s bonds?

Mr. BAKER. I did not suppose so. As I have already said, I have not been familiar with the business of the Street for half a dozen years.

Mr. UNTERMYER. Are you able to point to a single transaction in the last five years of \$10,000,000 and over that has been financed in the United States without the cooperation of some one of the houses I have named?

Mr. BAKER. I am not sufficiently familiar with the situation to do it. I would not dispute it if you named a dozen that had been. I would take it for granted that it was all right and believe it.

Mr. UNTERMYER. You are not testifying with the idea of taking things for granted, Mr. Baker. The question is put to you, and I would like your best recollection.

Mr. BAKER. I am not sufficiently familiar with it to know of any.

Mr. UNTERMYER. You do not know of any?

Mr. BAKER. No, sir. I think there have been, however.

Mr. UNTERMYER. You say you think there have been?

Mr. BAKER. Yes.

Mr. UNTERMYER. But you can not tell us of any?

Mr. BAKER. No; I am not sufficiently familiar with them.

Mr. UNTERMYER. Will you investigate that subject, so as to enlighten the committee?

Mr. BAKER. I think the committee can do it just as easily as I could.

Mr. UNTERMYER. But you have spent your life down there among these people, and I think it would be very useful to the committee on the main branch of this inquiry to know of any such transaction. Will you not investigate and let us know?

Mr. BAKER. I shall try to find out for you; yes.

Mr. UNTERMYER. Is it or not the fact that the large issues of securities that are taken nowadays in the financial district are taken for joint account?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And the banking houses I have named are houses that have generally acted together in those joint account transactions? That is so, is it not?

Mr. BAKER. Do you mean some of them?

Mr. UNTERMYER. Not all in one, but one and the other, or two or three or four together?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is so, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. With whom do you generally act?

Mr. BAKER. Oh, with almost anybody that gives us a chance?

Mr. UNTERMYER. But, as a practical fact?

Mr. BAKER. With Morgan & Co.; the City Bank; Kuhn, Loeb & Co.; and Speyer & Co.

Mr. UNTERMYER. Very seldom with Speyer & Co.?

Mr. BAKER. No; more so with Speyer & Co. than with Kuhn, Loeb & Co.

Mr. UNTERMYER. How often have you had joint account transactions with Speyer & Co.?

Mr. BAKER. I could not tell you. A number of times.

Mr. UNTERMYER. You will supply that information, will you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have acted with Kidder, Peabody & Co. and Lee, Higginson & Co., of Boston, have you not?

Mr. BAKER. But more with Speyer & Co. than ever with them.

Mr. UNTERMYER. You think so?

Mr. BAKER. Yes.

Mr. UNTERMYER. Your recollection is, then, that your joint-account transactions have been more numerous in the last five years with Speyer & Co. than they have with Lee, Higginson & Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you had any with Speyer & Co. except the Rock Island?

Mr. BAKER. Oh, I think so.

Mr. UNTERMYER. What else?

Mr. BAKER. I can not remember.

Mr. UNTERMYER. Have your joint-account transactions also been with Messrs. Morgan & Co. and the two Chicago banks, Mr. Forgan's bank and Mr. Mitchell's bank, the First National Bank and the Illinois Trust & Savings?

Mr. BAKER. I think sometimes they have both had interests in the thing.

Mr. UNTERMYER. And they have sometimes tendered you interests, too, have they not, like the Chicago City Railways.

Mr. BAKER. They did not tender that.

Mr. UNTERMYER. Where did that come from?

Mr. BAKER. I think that came from Morgan & Co.

Mr. UNTERMYER. That came from Morgan & Co.? That was a purely Chicago enterprise, was it not?

Mr. BAKER. Yes; I hope so.

Mr. UNTERMYER. Then did Morgan & Co. and you tender the Chicago banks an interest in it?

Mr. BAKER. I do not know just how that was done. It was done at the time when I was ill, I remember.

Mr. UNTERMYER. But among these banking houses that we have named, is there not a strong and continuous community of interest in the purchase and sale of securities?

Mr. BAKER. I think there is. We have always tried to deal with our friends rather than with people we do not know.

Mr. UNTERMYER. It is a good deal better to deal with your friends and split it up than it is to compete for the securities?

Mr. BAKER. Not necessarily.

Mr. UNTERMYER. That is what happens, is it not?

Mr. BAKER. Oh, I do not think so to any great extent.

Mr. UNTERMYER. Have you ever competed for any securities with Morgan & Co. in the last five years? If so, give us the name of it.

Mr. BAKER. I do not know that we have competed with them.

Mr. UNTERMYER. You divide with them, do you not? You give them a part of the issue when you have it?

Mr. BAKER. We are very apt to.

Mr. UNTERMYER. And if they take a security, they give you a part of the issue, do they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is what is known as the modern system of cooperation and combination, as against the antique system of competition, is it not?

Mr. BAKER. That is rather a long name for me.

Mr. UNTERMYER. You understand the question. I would like to have an answer to it.

Mr. BAKER. I never heard it called in that way before.

Mr. UNTERMYER. How would you call it?

Mr. BAKER. I would not call it at all.

Mr. UNTERMYER. You know what cooperation is, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is that not cooperation, as against competition? That is the modern system of cooperation, as against the archaic system of competition, is it not?

Mr. BAKER. I do not understand how you state that.

Mr. UNTERMYER. That is right, is it not?

Mr. BAKER. All right; yes.

Mr. UNTERMYER. And that has been found to work very well, has it not?

Mr. BAKER. I think so.

Mr. UNTERMYER. For the bankers?

Mr. BAKER. Yes; and for others, too.

Mr. UNTERMYER. Mr. Baker, are any of the officers of your bank directors of the Chicago, Rock Island & Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who is?

Mr. BAKER. Mr. Hine, the president.

Mr. UNTERMYER. Will you please look at the list which you have produced at the request of the committee and tell me whether that is a correct list of the corporations in which the bank officers are directors, with the name of each director and the name of the corporation under it in which he is a director?

Mr. BAKER. Yes; I believe that is correct.

Mr. UNTERMYER. What do the asterisks (*) opposite those names indicate?

Mr. BAKER. That means that a member of the firm of J. P. Morgan & Co. is also a director on the board.

Mr. UNTERMYER. With a director of your bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. If there is no objection, we would like to have that substituted for the original list which has been marked "Exhibit No. 197." This list will be offered in evidence and marked "Exhibit No. 197-A."

The paper referred to was thereupon marked "Exhibit No. 197-A," January 10, 1913, and will be found at the end of this day's proceedings.

Mr. UNTERMYER. I see you are a director in the United States Steel Corporation. Are you a member of the executive committee?

Mr. BAKER. I am a member of the finance committee, as they call it.

Mr. UNTERMYER. That is the executive committee of the corporation, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. There is no executive committee, so called?

Mr. BAKER. No.

Mr. UNTERMYER. I see you are also a director in the American Telephone & Telegraph Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And that in the Steel Corporation Mr. Morgan is a director with you, and in the telegraph company Mr. Davison, of Mr. Morgan's firm, is a director with you. Now, were you actively concerned with Messrs. Morgan & Co. in the organization of the United States Steel Corporation?

Mr. BAKER. I think not.

Mr. UNTERMYER. There was a large underwriting there, was there not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you were a large underwriter, were you not?

Mr. BAKER. I do not think my interest was very large. I had an interest in it; yes.

Mr. UNTERMYER. You had an interest of some millions of dollars in it, did you not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did your bank have an interest in it?

Mr. BAKER. I do not remember whether they did or not. I know it was an interest of no very great amount, of that kind.

Mr. UNTERMYER. Of course that is a relative term, as to what is a great amount, and that does not give us any information.

Mr. BAKER. You said several millions of dollars, and I used the expression as referring to the term that you mentioned.

Mr. UNTERMYER. And you and your bank did not have an interest of several million dollars in it?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Who put you on the board of directors?

Mr. BAKER. I do not know. I was out in the country and I received a telegram from Mr. Morgan saying, "You have been unanimously elected a member of the board of directors and finance committee of the Steel Corporation."

Mr. UNTERMYER. Having gotten that telegram from Mr. Morgan, you assumed that he had put you there?

Mr. BAKER. Yes; I should think so.

Mr. UNTERMYER. Did you get any telegram saying that you were a member of the executive committee or the finance committee?

Mr. BAKER. I said that, too. What I say is that the telegram read that I had been unanimously elected as a member of the board and of the finance committee of the United States Steel Corporation.

Mr. UNTERMYER. Have you taken part in financing the securities of the United States Steel Corporation?

Mr. BAKER. I think so.

Mr. UNTERMYER. Have you been jointly interested with Mr. Morgan in all the issues that have been made since then?

Mr. BAKER. I can not remember but one, at the moment.

Mr. UNTERMYER. Which one was that? How recently?

Mr. BAKER. It was within two years, I should think.

Mr. UNTERMYER. Do you not remember a previous financing operation, when the preferred stock was exchanged for 5 per cent bonds?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. There was an underwriting there, was there not, of \$250,000,000?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Do you remember the extent to which your bank was interested?

Mr. BAKER. No, sir; I do not. That was a good while ago.

Mr. UNTERMYER. Yes. That was in 1901 or 1902, was it not?

Mr. BAKER. Yes, sir; I should think it was as long ago as that.

Mr. UNTERMYER. It was at the time of what they call the conversion of part of the preferred stock into bonds?

Mr. BAKER. It was before I came into the board.

Mr. UNTERMYER. Before you came into what board?

Mr. BAKER. The board of the steel corporation.

Mr. UNTERMYER. Were you not in the board of the Steel Corporation from the beginning?

Mr. BAKER. No, sir. I have told you I got a telegram one day stating that I had been unanimously elected.

Mr. UNTERMYER. But when was that?

Mr. BAKER. That was five or six years ago, or four or five years ago.

Mr. UNTERMYER. Up to that time had you not been a director?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Has anybody of your bank been a director?

Mr. BAKER. Do you mean directors in the bank or officers of the bank?

Mr. UNTERMYER. Any of your directors.

Mr. BAKER. I think Judge Moore was a director from the start.

Mr. UNTERMYER. Yes. Had any of your officers been directors?

Mr. BAKER. No, sir.

Mr. UNTERMYER. In March, 1912, was there a financial operation in the form of a purchase from the steel company of \$15,000,000 of Indiana Steel first-mortgage bonds and \$10,000,000 of National Tube firsts, and \$5,500,000 of Illinois Steel notes?

Mr. BAKER. Yes, sir; something of that kind.

Mr. UNTERMYER. About \$30,000,000 of securities?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who took those with Morgan & Co.?

Mr. BAKER. I think we had an interest in those.

Mr. UNTERMYER. You and the National City Bank and the Morgans together?

Mr. BAKER. I have forgotten; but I guess that is correct.

Mr. UNTERMYER. In what proportions did you underwrite those securities?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Did you have equal interests?

Mr. BAKER. No; I do not think so. The parties managing it generally had a larger interest.

Mr. UNTERMYER. You mean the associate who manages the enterprise generally gets the largest interest.

Mr. BAKER. Mr. Morgan naturally would not given away an interest equal to his own.

Mr. UNTERMYER. But it sometimes happens that they do, does it not?

Mr. BAKER. I think likely; yes, sir; though I do not remember many such instances with any company.

Mr. UNTERMYER. Do you remember another joint transaction in the financing of the Steel Corporation or one of its subsidiaries, in the form of the Illinois Steel, in June, 1911?

Mr. BAKER. I do not believe we had anything to do with that.

Mr. UNTERMYER. Yes. \$10,000,000 of Illinois Steel Co. $4\frac{1}{2}$ per cent debentures. Do you remember that?

Mr. BAKER. When was that?

Mr. UNTERMYER. June 27, 1911; in joint account with Messrs. Morgan & Co., the First National, and the National City.

Mr. BAKER. Very likely. I was in Europe, however, so that I do not remember.

Mr. UNTERMYER. You do not remember anything about it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were Lee, Higginson & Co. interested at all with you in that transaction?

Mr. BAKER. I do not know.

Mr. UNTERMYER. You can not remember as to that?

Mr. BAKER. As I say, I was abroad.

Mr. UNTERMYER. Were they interested in the transaction of April, 1911, with you?

Mr. BAKER. No, sir; I do not remember.

Mr. UNTERMYER. Will you explain to the committee the procedure or method of underwriting securities as it prevails in our country now, the financial system?

Mr. BAKER. I think I would say that if a company was going to sell a million of bonds, or to offer them to their stockholders, as often has been done, they would go to a banking house and say, "We are going to offer these securities, and we want to sell them, and to be sure that they are sold, will you underwrite them?" or, in other words, take all that the stockholders do not take, for, say, 1 per cent commission, or whatever they agree on. That is the substance of it.

Mr. UNTERMYER. That is one kind of underwriting—for a commission?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. But there is another kind of underwriting, and one that is very much more common, when a banking house or two or three banking houses together take an issue of securities, take them first, and then proceed to underwrite them and to sell them?

Mr. BAKER. There would not be any underwriting if they took them first, would there?

Mr. UNTERMYER. Would there not be?

Mr. BAKER. I am afraid I do not understand your statement.

Mr. UNTERMYER. Suppose you and Mr. Morgan were offered an issue of \$10,000,000.

Mr. BAKER. Yes.

Mr. UNTERMYER. And you took \$5,000,000 each.

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you not have your \$5,000,000 underwritten so as to divide your risk?

Mr. BAKER. Would we get it underwritten?

Mr. UNTERMYER. Yes. You would, would you not? Unless you wanted to take the risk of taking them and selling them all yourself you would underwrite them, would you not? Or would you sell them outright?

Mr. BAKER. I think we would sell them outright. I can not remember of an underwriting of that kind. Probably there has been an instance, however.

Mr. UNTERMYER. Take, for instance, a reorganization where an assessment is to be underwritten. You all parcel that out among the underwriters, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you a list of underwriters of the First National Bank to whom you offer these participations?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you make up a different list every time?

Mr. BAKER. We do not often make one up; but when we would it would be—

Mr. UNTERMYER (interposing). Do you not allot to friends of yours and those associated with you interests in securities that you underwrite or acquire?

Mr. BAKER. Sometimes, if it is a large sum; but if it is a moderate sum we do not.

Mr. UNTERMYER. If it is a moderate sum?

Mr. BAKER. Just as we happen to feel.

Mr. UNTERMYER. Just as you happen to feel about it?

Mr. BAKER. Yes.

Mr. UNTERMYER. If it is a moderate sum you take the risk yourself, do you? Is that right?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. When the amount is large, you do allot to friends and people who deal with you, and with whom you deal, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And do those allotments extend over different cities of the United States?

Mr. BAKER. They might; yes, sir.

Mr. UNTERMYER. Have you not a list, and have not other banking houses and banks a list of such friends and associates to whom they sent allotments?

Mr. BAKER. I can not speak for other banks, but the First National has none.

Mr. UNTERMYER. Then when you do allot, you sell in large blocks, do you?

Mr. BAKER. We sell large or small; any way we can to advantage.

Mr. UNTERMYER. Do you sell your bonds by solicitation through the country? Do you have bond sellers?

Mr. BAKER. No.

Mr. UNTERMYER. Some houses have, have they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is, traveling salesmen, just as if they would sell drygoods, or anything else?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you say the First National does not do its business that way?

Mr. BAKER. No.

Mr. UNTERMYER. You know, do you not, that Messrs. Morgan & Co. have lists of people to whom they allot securities?

Mr. BAKER. No, sir; I do not know.

Mr. UNTERMYER. You do not know anything about it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. One way or the other?

Mr. BAKER. No, sir.

Mr. UNTERMYER. What are your relations with the Atchison road?

Mr. BAKER. Nothing.

Mr. UNTERMYER. What are they?

Mr. BAKER. Not any.

Mr. UNTERMYER. Have you not handled their securities?

Mr. BAKER. I do not mean that we never have had any interest in them, but we never had any dealings with the Atchison road, that I remember.

Mr. UNTERMYER. Is the California and Arizona lines a subsidiary of the Atchison?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. Did you not, in conjunction with Messrs. Morgan and the City Bank, on January 30, 1912, buy \$18,300,000 of those bonds?

Mr. BAKER. I think we did.

Mr. UNTERMYER. You think you did, together?

Mr. BAKER. Yes, sir; I had forgotten the name of the road, but I think there was an \$18,000,000 purchase.

Mr. UNTERMYER. Did you not also join with J. P. Morgan in a number of other transactions for very large purchases of bonds of that road?

Mr. BAKER. I do not remember them at the moment.

Mr. UNTERMYER. Let us see if I can refresh your memory. Do you remember on June 1, 1909, an issue of \$28,258,000 of Atchison convertible fours taken by your bank and the City Bank in conjunction with Messrs. Morgan?

Mr. BAKER. I do not happen to remember it, but I presume that is correct.

Mr. UNTERMYER. That is not such a small item, is it?

Mr. BAKER. No; but—

Mr. UNTERMYER. Here is another one, March 30, 1910, \$43,686,000 of the same bonds. Did you not take those jointly with Messrs. Morgan and the City Bank?

Mr. BAKER. I think quite likely.

Mr. UNTERMYER. And was there not another of Transcontinental first fours in August, 1908, of \$17,000,000, taken by the same parties, Messrs. Morgan, the National City Bank, and yourselves, for joint account?

Mr. BAKER. Quite likely.

Mr. UNTERMYER. Now, that is \$106,000,000 or \$107,000,000 of the bonds of one company—the Atchison. Do those transactions remind you that you have had something to do with the Atchison?

Mr. BAKER. We did not deal directly with the Atchison. Mr. Morgan had an interest.

Mr. UNTERMYER. What?

Mr. BAKER. Probably Mr. Morgan made the transaction and gave us this interest in it. Our dealings were with them.

Mr. UNTERMYER. But if you had a large participation of that kind in \$106,000,000 of bonds, you would know something about the road, and have something to do with it, would you not?

Mr. BAKER. Not necessarily.

Mr. UNTERMYER. What have been your relations with the American Telephone & Telegraph Co., apart from your position as a director? Have you assisted in financing their enterprises?

Mr. BAKER. I think we have had some interest in the issue of the bonds, but I do not think we ever took any direct from the company.

Mr. UNTERMYER. You mean you did it through Messrs. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who else participated in those issues, do you remember?

Mr. BAKER. I could not say.

Mr. UNTERMYER. Was it Kidder, Peabody & Co., of Boston?

Mr. BAKER. Oh, yes; I know they must. I think we took our interest through Kidder, Peabody & Co., but I am not certain.

Mr. UNTERMYER. Did you not take it through Mr. Morgan?

Mr. BAKER. I am not certain. I do not remember.

Mr. UNTERMYER. No. Do you remember the issue of \$150,000,000 of their bonds?

Mr. BAKER. Yes, sir; that one came through Morgan.

Mr. UNTERMYER. Your bank and the Morgans and Kidder, Peabody & Co. were in joint account in that transaction, were they not?

Mr. BAKER. I have forgotten just the parties to it.

Mr. UNTERMYER. You remember a subsequent issue of those bonds of \$25,000,000 in which Kidder, Peabody & Co., I think, took the lead, and maybe Morgan joined with them?

Mr. BAKER. I do not think we joined very much—yes; we had an interest in it.

Mr. UNTERMYER. Did you not join for a million and a half?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. But that is a trifle, is it not?

Mr. BAKER. Well.

Mr. UNTERMYER. What have been your relations to Armour & Co., the packing company?

Mr. BAKER. Nothing very special. They have kept an account in the bank for a number of years.

Mr. UNTERMYER. Have you not participated in an issue of bonds by them with Kuhn, Loeb & Co. and Lee, Higginson & Co.?

Mr. BAKER. Oh, I do not remember. I think quite likely we did. It must have been a good while ago, was it not?

Mr. UNTERMYER. Was it not in 1909?

Mr. BAKER. Well, was it?

Mr. UNTERMYER. What have been the relations of your bank with the Atlantic Coast Line?

Mr. BAKER. We never had any direct relations with them. We have had some interests in their issues.

Mr. UNTERMYER. Through whom?

Mr. BAKER. I should say through Morgan & Co.

Mr. UNTERMYER. Yes; through Morgan & Co.

Mr. BAKER. I think they do the business of the Coast Line.

Mr. UNTERMYER. Were you interested with them in the turning over of the Louisville & Nashville Railroad to the Atlantic Coast Line?

Mr. BAKER. That was a good many years ago.

Mr. UNTERMYER. Well, it was a big transaction, too, was it not?

Mr. BAKER. I do not remember that we were.

Mr. UNTERMYER. There was a lot of money in it.

Mr. BAKER. If there was, then I think I might remember it.

Mr. UNTERMYER. What is your recollection as to whether you were concerned in the syndicate that acquired the Louisville & Nashville Railroad from Mr. Gates and his associates through Morgan & Co. and turned it over to the Atlantic Coast Line?

Mr. BAKER. I do not think we had any interest in that, but—

Mr. UNTERMYER. There was such a transaction, was there not?

Mr. BAKER. Yes, sir; and it is barely possible we had an interest in it.

Mr. UNTERMYER. I did not hear you.

Mr. BAKER. I say it is barely possible we had an interest in it, although I do not recall it.

Mr. UNTERMYER. Had you not had something to do with the financing of the Louisville & Nashville Railroad from time to time?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you sure of that?

Mr. BAKER. When I say no I do not mean that I never have had any interest in their bonds. If either Kuhn, Loeb & Co. or Morgan & Co. took some bonds and financed something for them and gave us a participation, I do not call that—

Mr. UNTERMYER. Do you remember in February, 1906, you and Mr. Morgan financed for joint account \$10,000,000 of the Atlantic, Knoxville & Cincinnati division 4 per cent bonds, a division of the Louisville & Nashville Railroad?

Mr. BAKER. I do not remember the transaction.

Mr. UNTERMYER. Do you recall whether or not in January, 1909, you and Messrs. Morgan and the City Bank in joint account financed bonds held as collateral to the Louisville & Nashville 25-year collateral fours, as follows: \$18,200,000 of Louisville & Nashville unified fours, \$4,619,000 of Louisville & Nashville, Paducah & Memphis division, \$2,500,000 Louisville & Nashville Terminal Co. bonds, \$4,500,000 South & North Alabama consolidated fives, and \$200,000 of Pensacola & Atlantic 6 per cent bonds, making a total of \$29,864,000?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. You have no recollection at all about it?

Mr. BAKER. No; I have not.

Mr. UNTERMYER. And you do not know whether there was such a transaction or not?

Mr. BAKER. I do not remember such a transaction.

Mr. UNTERMYER. Do you remember a transaction about as follows, much more recent: April, 1911, \$10,000,000 Louisville & Nashville Railroad, Atlanta, Knoxville & Cincinnati division fours, taken for joint account of Messrs. Morgan, the City National Bank, and the First National?

Mr. BAKER. I remember that; yes, sir.

Mr. UNTERMYER. Have you and Messrs. Morgan been interested in the purchase and flotation for joint account of securities of the Boston & Maine?

Mr. BAKER. Would they be one-year notes?

Mr. UNTERMYER. I do not know whether they were one-year notes; \$12,000,000 4 per cent notes, due January 20, 1912.

Mr. BAKER. That would be one-year notes.

Mr. UNTERMYER. Yes; they were one-year notes.

Mr. BAKER. I think that is right; yes, sir.

Mr. UNTERMYER. You were associated in that purchase, were you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What are your relations with the Chesapeake & Ohio?

Mr. BAKER. Not any.

Mr. UNTERMYER. You have none?

Mr. BAKER. No, sir.

Mr. UNTERMYER. There have been a great many bond issues of that road, have there not?

Mr. BAKER. I have not kept track of it. I think they have had a good many.

Mr. UNTERMYER. They have been joint transactions between Kuhn, Loeb & Co. and Morgan, have they not?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. You have not participated in them?

Mr. BAKER. No, sir.

Mr. UNTERMYER. I think you told us that you were interested in the Chicago, Burlington & Quincy?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you been associated with Messrs. Morgan in the purchase and flotation of bonds of that road?

Mr. BAKER. If they issued any we certainly were, but I do not remember.

Mr. UNTERMYER. Let us see if I can refresh your memory. Do you recall an issue of Illinois division 4 per cent general mortgage bonds, February, 1908, of \$16,000,000, and another issue of the same bonds in February, 1909, of \$15,000,000?

Mr. BAKER. I do not remember the amounts, but there were some of those bonds issued for the Illinois division.

Mr. UNTERMYER. With whom did you act in joint account in making those bond issues?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Was it not with Morgan & Co.?

Mr. BAKER. I think so.

Mr. UNTERMYER. They are the bankers for the road, are they not, together with yourself?

Mr. BAKER. Well, I do not think the road has enough business of that kind to have anybody banking for them.

Mr. UNTERMYER. They have done some business for them?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. The road has had other issues of bonds, has it not?

Mr. BAKER. I do not think so of late years.

Mr. UNTERMYER. It has one in 1906 of \$19,000,000 and odd.

Mr. BAKER. Did it? I had forgotten it.

Mr. UNTERMYER. What are your relations with the Cleveland, Cincinnati, Chicago & St. Louis Railroad?

Mr. BAKER. I think I am a director in that road.

Mr. UNTERMYER. You think you are a director?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How long do you think you have been a director?

Mr. BAKER. Ever since I went into the New York Central.

Mr. UNTERMYER. What?

Mr. BAKER. Several years.

Mr. UNTERMYER. Do you think you are a member of the executive committee, too?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember having had any joint financial transactions for that road?

Mr. BAKER. I think we did have some.

Mr. UNTERMYER. With whom?

Mr. BAKER. J. P. Morgan & Co.

Mr. UNTERMYER. That was an issue of French debentures, was it not?

Mr. BAKER. That was one.

Mr. UNTERMYER. One of them was an issue of French debentures of 50,000,000 francs?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What was the other?

Mr. BAKER. I can not remember, but I remember there was such an issue.

Mr. UNTERMYER. Was there not an issue of 4½ debentures of \$5,000,000 in 1911 which you and Messrs. Morgan & Co. took together?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. You have told us of your relations with the Erie in an official capacity, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And you also had various relations with them in the way of an issuing house, in connection with floating their securities?

Mr. BAKER. We have generally had a participation in those issues with Morgan & Co. They do the financing for that road, I think.

Mr. UNTERMYER. Morgan & Co. are the fiscal agents for the Erie, are they?

Mr. BAKER. I do not think they are fiscal agents, but practically do the same thing.

Mr. UNTERMYER. They do their financing, do they?

Mr. BAKER. I think so.

Mr. UNTERMYER. Do you know how many issues you have been concerned in for the Erie Railroad in joint account with Morgan & Co.?

Mr. BAKER. I could not tell without the record, Mr. Untermeyer. If it will save you any time, I am willing to admit all you have got there.

Mr. UNTERMYER. Well, I do not think you could very well, Mr. Baker, because it concerns other banks of which you would not know anything.

Mr. BAKER. I wanted to help you along through, if I could. That is all.

Mr. UNTERMYER. You can not tell, then, how many issues you made jointly of the Erie Railroad with Mr. Morgan?

Mr. BAKER. No.

Mr. UNTERMYER. There have been a number of them?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How about the Florida East Coast Railway? What are your relations with that company?

Mr. BAKER. We had an interest in that.

Mr. UNTERMYER. With the Morgans?

Mr. BAKER. I think so.

Mr. UNTERMYER. Was that a \$10,000,000 issue in 1909?

Mr. BAKER. I do not remember the figures.

Mr. UNTERMYER. The General Electric is under the management of Messrs. Morgan & Co., is it not?

Mr. BAKER. I think so. I never have had much to do with it.

Mr. UNTERMYER. They have made a number of issues, have they not?

Mr. BAKER. They have made some. I don't remember whether it is a number of not. I remember there was one not a great while ago.

Mr. UNTERMYER. There was one in September of this year of \$10,000,000.

Mr. BAKER. That is the one I refer to.

Mr. UNTERMYER. Who were interested in that besides Morgan & Co. and yourself?

Mr. BAKER. I do not think there were any.

Mr. UNTERMYER. Were not Lee, Higginson & Co. and the City National Bank both participants with you and Mr. Morgan?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. Have you made any issues for the Great Northern?

Mr. BAKER. We sold one lot; yes, sir. Did I not testify to that a little while ago?

Mr. UNTERMYER. I do not think so.

Mr. BAKER. All right.

Mr. UNTERMYER. Was that June, 1911?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What was the amount of the issue?

Mr. BAKER. \$20,000,000. It was while I was in Europe. I know I heard of it afterwards.

Mr. UNTERMYER. With whom was that transaction done?

Mr. BAKER. I think it was done with my son here.

Mr. UNTERMYER. What?

Mr. BAKER. I think it was done with the bank.

Mr. UNTERMYER. By the bank alone, without any partner or participant?

Mr. BAKER. No; we must have taken partners in, but I do not remember who.

Mr. UNTERMYER. Were not Lee, Higginson & Co. with you in that?

Mr. BAKER. Very likely, but I do not remember as to them.

Mr. UNTERMYER. Yes, they were; for \$1,500,000. Now, as to the Hocking Valley, did you have anything to do with that?

Mr. BAKER. I guess not.

Mr. UNTERMYER. Who are the bankers for that company?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Are they not Messrs. Morgan & Co.?

Mr. BAKER. I guess so. I really do not know, but—

Mr. UNTERMYER. There is not any doubt about that, is there?

Mr. BAKER. I am afraid not.

Mr. UNTERMYER. Are you interested with Morgan & Co. in the issue of Interborough bonds that is just about being made in connection with the building of the new subway?

Mr. BAKER. I expect to be interested with them in it; yes, sir.

Mr. UNTERMYER. That is an issue of how much, \$150,000,000, is it not?

Mr. BAKER. About that; yes, sir.

Mr. UNTERMYER. What is the extent of your participation in that?

Mr. BAKER. I could not tell you exactly.

Mr. UNTERMYER. You do not know?

Mr. BAKER. No.

Mr. UNTERMYER. Is it so small?

Mr. BAKER. Well, I guess it is quite large.

Mr. UNTERMYER. Messrs. Morgan & Co. are the bankers conducting that enterprise, are they?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. They are the Interborough bankers?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does the Interborough own the surface lines and the elevated lines in New York City?

Mr. BAKER. I think they own the elevated. I do not believe they own the surface lines.

Mr. UNTERMYER. Have they not acquired the surface lines under the reorganization?

Mr. BAKER. I do not know as to that.

Mr. UNTERMYER. The only other transportation facilities in New York are those operated by the Hudson Tunnel, are they not, the McAdoo Tunnel?

Mr. BAKER. That is another one; whether that is the only one, I do not know.

Mr. UNTERMYER. You live in New York, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you know of anything that is not encompassed within those lines?

Mr. BAKER. I sometimes patronize the tunnel from Forty-second Street and Madison Avenue down to Wall Street.

Mr. UNTERMYER. But you do not know what else is going on?

Mr. BAKER. Not much, except on Sixth Avenue.

Mr. UNTERMYER. You know all about the McAdoo tunnel?

Mr. BAKER. Very little.

Mr. UNTERMYER. Do you know who finances that?

Mr. BAKER. I think it is Fisk & Sons.

Mr. UNTERMYER. Do you not know that Messrs. Morgan did, and are largely interested in it? Do you mean Harvey Fisk & Sons?

Mr. BAKER. Yes.

Mr. UNTERMYER. And don't you know Morgan & Co. are largely interested?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And are you interested in that venture?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. With Messrs. Morgan?

Mr. BAKER. No; I should say with Fisk & Sons. I do not remember how it came about.

Mr. UNTERMYER. Don't you know it was sent to Fisk & Sons by Morgan, and Morgan & Co. have a large interest?

Mr. BAKER. I know they are interested. I did not know they sent it there, though.

Mr. UNTERMYER. From whom did you get your interest?

Mr. BAKER. I do not remember. It was a good while ago. I supposed it was through Fisk.

Mr. UNTERMYER. At any rate, you are all three jointly interested?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any part of the transportation facilities in New York in which Messrs. Morgan and yourself are not interested?

Mr. BAKER. Why, I think Kuhn, Loeb & Co. have got a big syndicate to run another part of it.

Mr. UNTERMYER. That is the Brooklyn end, is it not?

Mr. BAKER. Yes; but I think it comes up into New York, too. I do not know.

Mr. UNTERMYER. Kuhn, Loeb & Co. took the Brooklyn end and the Morgans took the other end, did they not?

Mr. BAKER. Well?

Mr. UNTERMYER. They have not got anything in New York yet, have they?

Mr. BAKER. I do not know.

Mr. UNTERMYER. When you come to Chicago, all the railroads there are under one or two syndicates, are they not?

Mr. BAKER. Well, there are enough of them under one to suit me.

Mr. UNTERMYER. Which one is that?

Mr. BAKER. I forget what they call it; the Chicago City, I think.

Mr. UNTERMYER. The Chicago City Railways, is it not?

Mr. BAKER. I think that is the one.

Mr. UNTERMYER. That is the one you told us about issuing in connection with Mr. Morgan?

Mr. BAKER. Yes.

Mr. UNTERMYER. How about the Philadelphia railways?

Mr. BAKER. I do not know anything about Philadelphia.

Mr. UNTERMYER. Do you know who controls that? Do you know whether the Drexels do?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you know who are the bankers for it?

Mr. BAKER. I do not, except I have seen in the papers Mr. Stotesbury's name. Whether he is the banker for it, I do not know.

Mr. UNTERMYER. You mean Mr. Stotesbury, of Messrs. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you know anything about the situation in Boston?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Take up now the gas situation in New York. Are you a director in the Consolidated Gas Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who are the bankers for that company?

Mr. BAKER. I should imagine the City Bank.

Mr. UNTERMYER. It is a City Bank concern, is it not?

Mr. BAKER. Well—

Mr. UNTERMYER. Generally so considered.

Mr. BAKER. A good many people connected with the City Bank are interested in it.

Mr. UNTERMYER. The City Bank is connected itself pretty actively with it, is it not?

Mr. BAKER. I guess so. I do not take any active interest in it.

Mr. UNTERMYER. Are you on the executive committee or only on the board?

Mr. BAKER. No; only on the board.

Mr. UNTERMYER. The International Harvester Co., were you connected with the flotation of that company with Messrs. Morgan?

Mr. BAKER. I have very little, if anything, to do with it.

Mr. UNTERMYER. You were interested in it, were you not?

Mr. BAKER. I do not think I ever had any.

Mr. UNTERMYER. Are you a director?

Mr. BAKER. No, sir. I can save time. I was a director in it.

Mr. UNTERMYER. You were a director until when?

Mr. BAKER. About a year or so, I should think, more or less.

Mr. UNTERMYER. Did you get out at the time the Government got after them?

Mr. BAKER. No; not on that account.

Mr. UNTERMYER. Not on that account?

Mr. BAKER. No; it had nothing to do with that.

Mr. UNTERMYER. Were you not a director at the last annual election, and were you not elected at the last meeting of the board.

Mr. BAKER. Possibly. I do not know when that was.

Mr. UNTERMYER. Well, the memorandum I have was made up last month from the last list of directors, and you appear at the head of the list as a director. Now, can you give us some idea of when you resigned?

Mr. BAKER. It was before I went abroad last year, but I can not remember.

Mr. UNTERMYER. Last summer you went abroad?

Mr. BAKER. Yes; I think it was along in the spring.

Mr. UNTERMYER. At whose request did you become a director?

Mr. BAKER. I had a cable when I was over in Europe from Mr. Perkins, saying that Mr. Morgan asked me if I would not go on the board.

Mr. UNTERMYER. Have you any interest in that company?

Mr. BAKER. One share of stock.

Mr. UNTERMYER. Which you really own?

Mr. BAKER. Yes.

Mr. UNTERMYER. Let us see, did you not have an interest in financing the company jointly with J. P. Morgan & Co.?

Mr. BAKER. Well, I do not remember it. I do not believe I did.

Mr. UNTERMYER. Let us see. Do you remember they made an issue of \$15,000,000, 5 per cent notes, in January, 1912?

Mr. BAKER. That is a year ago?

Mr. UNTERMYER. Yes.

Mr. BAKER. I can not remember dates.

Mr. UNTERMYER. But you did, jointly with Morgan & Co., make an issue of \$15,000,000 in notes, did you not?

Mr. BAKER. All right, sir.

Mr. UNTERMYER. Do you remember whether or not the City Bank took part in that issue?

Mr. BAKER. No; I do not remember.

Mr. UNTERMYER. What are your relations with the Lake Shore & Michigan Southern?

Mr. BAKER. Just the same as they are with the New York Central. It is all one company.

Mr. UNTERMYER. That is controlled by the New York Central?

Mr. BAKER. Yes; it is part of what they call the New York Central lines.

Mr. UNTERMYER. Have you participated with Messrs. Morgan in joint account in a number of bond issues of that road?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Can you tell us what they have amounted to in the last nine years?

Mr. BAKER. No, sir; I could not.

Mr. UNTERMYER. Have they not amounted to over \$200,000,000?

Mr. BAKER. They are very large, but I did not know it amounted to that.

Mr. UNTERMYER. Will you look at this list and see whether it is not a correct list?

Mr. BAKER. I could not tell whether that is correct. If that foots up so, I will take your word for it.

Mr. UNTERMYER. No; just look at it [handing paper].

Mr. BAKER. I can not remember all these.

Mr. UNTERMYER. Was not the National City Bank in it with you in all those issues?

Mr. BAKER. Yes; I think so.

Mr. UNTERMYER. There were three of you. Those are all New York Central lines, are they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. There were 10 such issues, amounting to over \$200,000,000?

Mr. BAKER. Yes.

Mr. UNTERMYER. And they were for joint account of Messrs. Morgan, your bank, and the City Bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. We will put this into the record, subject to correction, and if there is any mistake about it we will correct them. I will not read it, as it is too long.

The list submitted by Mr. Untermeyer to the witness is as follows:

Lake Shore & Michigan Southern, 4 per cent debentures, November 13, 1903, \$40,000,000.

Four per cent debentures, due 1931, February 14, 1906, \$35,000,000.

Same security, February 23, 1910, \$15,000,000.

Chicago, Indiana & Southern Railway, 4 per cent bonds, April 17, 1908, \$15,150,000.

Jamestown F. & C. first-mortgage 4 per cent bonds, February 28, 1910, \$11,000,000.

Detroit River Tunnel Co., first-mortgage 50-year 4½ per cent bonds, May 25, 1911, \$14,000,000.

One-year notes, March 17, 1910, \$8,500,000.

One-year notes, February 6, 1911, 60,000 francs.

One-year notes, February 19, 1912, £1,400,000.

Did you also make purchases of issues of securities of the Louisville & Nashville Railroad for joint account of Messrs. Morgan & Co., yourselves, and the City Bank?

Mr. BAKER. I think I testified a little while ago to that, did I not? Yes.

Mr. UNTERMYER. I do not know. I think we only had one.

Mr. BAKER. All right.

Mr. UNTERMYER. How many have there been?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Were there not three—two for \$10,000,000 and one for \$29,564,000?

Mr. BAKER. I have forgotten the amounts.

Mr. UNTERMYER. You are going to furnish all these, are you not?

Mr. BAKER. I was just going to say, I do not see why I should take up so much of your time when I am to try to give it to you.

Mr. UNTERMYER. We want the evidence.

Mr. BAKER. All right.

Mr. UNTERMYER. We want the oral evidence.

Mr. BAKER. Then you will make my corrections where my forgetfulness comes in, I suppose?

Mr. UNTERMYER. Yes. Did you also join with Morgan & Co. and the City Bank in issues of notes of the Maine Central Railroad?

Mr. BAKER. I think so.

Mr. UNTERMYER. \$12,000,000 issue?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How about the Michigan Central?

Mr. BAKER. Yes, sir; we did. I do not remember the amount, exactly.

Mr. UNTERMYER. There are four such issues. Was there not one of 50,000,000 francs; a French issue?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And three other issues. Was the City Bank a joint participant with you and Messrs. Morgan in all those issues?

Mr. BAKER. I think so.

Mr. UNTERMYER. Have you and Messrs. Morgan also been joint participants in the purchase and issue and disposition of the bonds of the New York Central & Hudson River Railroad and the New York, New Haven & Hartford?

Mr. BAKER. Those two separate ones, you mean?

Mr. UNTERMYER. Yes; those two separate companies; at two different times?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. There have been a great many of those, have there not?

Mr. BAKER. Quite a number of the Central.

Mr. UNTERMYER. Have they amounted to about \$150,000,000 since 1905?

Mr. BAKER. I should think so.

Mr. UNTERMYER. And has the City Bank been a participant with you and Messrs. Morgan in those enterprises?

Mr. BAKER. Mostly, if not all.

Mr. UNTERMYER. It was a participant with you both in all of the New York Central, was it not?

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

Mr. UNTERMYER. And in most of the New Haven?

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

Mr. UNTERMYER. What have been your relations with the New York, Ontario & Western?

Mr. BAKER. Not any.

Mr. UNTERMYER. Have you and Messrs. Morgan been jointly concerned in transactions of the Reading Co., in the flotation of its securities?

Mr. BAKER. I can not recall any lately with the Reading.

Mr. UNTERMYER. Was there not one in January, 1911, \$18,811,000, general mortgage 4 per cent bonds of the Reading Co.?

Mr. BAKER. I had really forgotten that.

Mr. UNTERMYER. Do you remember it now?

Mr. BAKER. No; I do not quite.

Mr. UNTERMYER. Was not the City Bank with you both in that?

Mr. BAKER. Yes; I think so.

Mr. UNTERMYER. Do you know to what extent you and Messrs. Morgan were joint participants in the issue of securities of the Southern Railway?

Mr. BAKER. Well, to quite a considerable extent; I can not tell the figures.

Mr. UNTERMYER. You do not know how many millions?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Have you had anything to do with the United States Rubber Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. With whom were you associated in that?

Mr. BAKER. Mr. Hine managed that, and I really do not remember.

Mr. UNTERMYER. Was that a joint transaction between yourselves, Messrs. Morgan, and Kidder, Peabody & Co., of Boston?

Mr. BAKER. I think likely. I think that was while I was away or something. I know I heard of it afterwards.

Mr. UNTERMYER. Your bank does have underwritings from time to time, or you have underwritings, have you not?

Mr. BAKER. You mean to ourselves?

Mr. UNTERMYER. No; between yourselves and your associates.

Mr. BAKER. You mean we have participations in underwritings?

Mr. UNTERMYER. No. But do not you give participations?

Mr. BAKER. Well, it is very rarely. I can not recall any just at the moment.

Mr. UNTERMYER. Can you give us any idea of the volume of securities that are issued and placed by your firm from year to year? Have you any data on the subject?

Mr. BAKER. No; I have not. I remember we placed nearly eight hundred millions of United States bonds in 1879.

Mr. UNTERMYER. Yes; that is a long time ago.

Mr. BAKER. Yes.

Mr. UNTERMYER. We are not interested specially in anything so far back. What are your relations with the Illinois Trust & Savings Bank, of Chicago?

Mr. BAKER. They keep an account with us, and Mr. Mitchell, the president, is one of our directors.

Mr. UNTERMYER. And they participate with you in purchases of issues of securities?

Mr. BAKER. Not many.

Mr. UNTERMYER. They do occasionally?

Mr. BAKER. Yes.

Mr. UNTERMYER. How about the First National of Chicago?

Mr. BAKER. The same.

Mr. UNTERMYER. They are in the same relation with you?

Mr. BAKER. Yes, sir; except no one there is a director.

Mr. UNTERMYER. Mr. Forgan is not a director in your bank?

Mr. BAKER. No.

Mr. UNTERMYER. Did you have anything to do with the negotiation or the sale of the interest of the Mutual Life in the Mercantile Trust Co. to the Bankers' Trust?

Mr. BAKER. No.

Mr. UNTERMYER. Was that a sale by the Equitable of the Mercantile?

Mr. BAKER. That was an Equitable sale.

Mr. UNTERMYER. Whilst you were a voting trustee of the Guaranty Trust how many other trust companies did it absorb?

Mr. BAKER. I could not tell you from recollection.

Mr. UNTERMYER. You voted on it as a voting trustee, did you not?

Mr. BAKER. I do not believe I did. That would be done by the directors, I should think.

Mr. UNTERMYER. Do you not know that under the terms of the voting trust agreement you vote the stock just for that purpose in favor of mergers?

Mr. BAKER. I have forgotten just the wording of that.

Mr. UNTERMYER. Well, the Morton Trust Co. was acquired under that voting trust, or had it been acquired previously?

Mr. BAKER. I should imagine it was previously, because that was one of the original parties to it.

Mr. UNTERMYER. When was the Morton Trust Co. merged with the Guaranty Trust; was it in January, 1912?

Mr. BAKER. I do not know the date. January, 1912?

Mr. UNTERMYER. Yes. It was earlier than that, was it not?

Mr. BAKER. Earlier than that, I should think.

Mr. UNTERMYER. The superintendent of banks' report shows 1912, but it was some years before, was it not?

Mr. BAKER. I thought it was longer ago than that. That is only a year.

Mr. UNTERMYER. But the Fifth Avenue Trust was only recently merged, was it not?

Mr. BAKER. I thought that was longer ago than that.

Mr. UNTERMYER. 1910?

Mr. BAKER. No; I thought you said 1912.

Mr. UNTERMYER. 1910?

Mr. BAKER. I think it was since that.

Mr. UNTERMYER. You know your voting trust was organized since 1910, was it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you ever called on to do anything about the acquisition of the Morton Trust and the Fifth Trust?

Mr. BAKER. Not that I remember; no, sir.

Mr. UNTERMYER. The Standard Trust has been merged into the Guaranty Trust, too, has it?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is within six months, is it not?

Mr. BAKER. It was last summer.

Mr. UNTERMYER. Did you take any action on that?

Mr. BAKER. No, sir; I was abroad.

Mr. UNTERMYER. Do you know what was done? Who are your cotrustees?

Mr. BAKER. In the Guaranty Trust?

Mr. UNTERMYER. Yes; in the voting trust.

Mr. BAKER. Mr. Davison is one. Who is the other? We had it here on the record yesterday. Mr. Porter and Mr. Davison are the two.

Mr. UNTERMYER. Mr. Porter and Mr. Davison, of the firm of J. P. Morgan & Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Did you leave it all to them?

Mr. BAKER. No; those things are generally done by the board, the executive committee.

Mr. UNTERMYER. Do you not understand that under the terms of this agreement the power to pass upon the merger of another bank, or to increase the capital of the trust company, and to fix the terms on which the new concern is to be taken on have to be passed on by the voting trustees on behalf of the stockholders?

Mr. BAKER. That is practically the same thing as when the board of directors passes on a resolution and the president or vice president signs a check for it.

Mr. UNTERMYER. You think so?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you not realize, Mr. Baker, that the stockholders of the company turn their stock into your hands?

Mr. BAKER. Yes.

Mr. UNTERMYER. And do you not realize that if they did not do so they would have had a chance to pass on the transaction of taking in these trust companies? You understood that, did you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did you not understand that you were to exercise that power for them?

Mr. BAKER. And we did it, indirectly, through the board of directors and officers who could give their close attention to it.

Mr. UNTERMYER. You understand you, as voting trustees, simply took your instructions from the board of directors?

Mr. BAKER. I do not know what the others did. I can only speak for myself.

Mr. UNTERMYER. So far as you are concerned, that is what you did?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then, you exercised none of your powers as a voting trustee in the determining of the discretion vested in you?

Mr. BAKER. No; because it was all determined. It was entirely acceptable.

Mr. UNTERMYER. Who determined it?

Mr. BAKER. I can not tell you. I do not remember.

Mr. UNTERMYER. Did you ever talk with anybody about it?

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

Mr. UNTERMYER. Do you know what it involved in money?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know what the price of these things was?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know the basis on which they were taken in?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you ever have a meeting of your voting trustees?

Mr. BAKER. I think not.

Mr. UNTERMYER. Do you not know that you had to sign a consent to the transaction, and to each one of them?

Mr. BAKER. I do not remember that.

Mr. UNTERMYER. At any rate, you relied on somebody else?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Mr. Baker, have you assisted Morgan & Co. or been concerned with them in the financing of any enterprises that compete with the ones that they have brought out?

Mr. BAKER. I do not recall any.

Mr. UNTERMYER. That is not considered good banking ethics, is it?

Mr. BAKER. Oh, we might—

Mr. UNTERMYER (interposing). Is it good banking ethics?

Mr. BAKER. I never happened to hear the question come up that way before.

Mr. UNTERMYER. You know the ethics of banking—

Mr. BAKER. Yes; the Atlantic Coast Line and the Southern Railway are competing lines.

Mr. UNTERMYER. They are potentially competing lines, are they not, just as the Northern Pacific and the Great Northern are? But do you know whether it is considered good banking ethics for a banking house that is running a road under a voting trust on behalf of the stockholders to finance a competitor?

Mr. BAKER. I do not.

Mr. UNTERMYER. What should you say about it?

Mr. BAKER. I never happened to have the question come up.

Mr. UNTERMYER. Do you think a competitor is independent as a competitor when it is financed in that way?

Mr. BAKER. They might or might not be.

Mr. UNTERMYER. They might or might not be. It would depend, would it not, on its strength, on how strong it was?

Mr. BAKER. There is just an illustration, that I have given you, the Atlantic Coast Line and the Southern Railway.

Mr. UNTERMYER. Yes; but I say if Messrs. Morgan & Co., being voting trustees of the Southern Railway and having the interests of all the stockholders in its hands, finance a competitor, do you think that that competitor is as independent a competitor against them as if it had been organized by some independent house?

Mr. BAKER. Yes; I think so. I think they would be.

Mr. UNTERMYER. Do you know whether Messrs. Morgan & Co. have also engaged, directly or indirectly, in financing competitors in the steel business?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you know anything about it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Have you not taken participations in bond issues of competing steel companies?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. What is that?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Did you take any interest in the Bethlehem?

Mr. BAKER. No, sir; I do not think so.

Mr. UNTERMYER. That was financed by Harvey Fisk & Sons, was it not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember that?

Mr. BAKER. I remember the Bethlehem Steel. I do not think we ever had an interest in it.

Mr. UNTERMYER. What relations have Harvey Fisk & Sons with Messrs. Morgan & Co.?

Mr. BAKER. They seem to be very good.

Mr. UNTERMYER. There is a very close alliance between them, is there not?

Mr. BAKER. I think so.

Mr. UNTERMYER. Do you know whether Harvey Fisk & Sons financed the Bethlehem Steel under any arrangement with Messrs. Morgan & Co.?

Mr. BAKER. I do not know anything about it.

Mr. UNTERMYER. Suppose Bethlehem Steel had been financed, by way of illustration, by Messrs. Morgan & Co.

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you think it would be quite as independent, as a competitor of the United States Steel Corporation, as if it had been financed from England, by some independent company?

Mr. BAKER. I think it would.

Mr. UNTERMYER. What about the financing of other companies? Has the Lackawanna Steel been financed?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. The Cambria Steel?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. The Republic Iron & Steel? You know of that, do you not?

Mr. BAKER. Yes; I know of that.

Mr. UNTERMYER. You know Messrs. Morgan & Co. financed that recently?

Mr. BAKER. Recently?

Mr. UNTERMYER. Fairly recently. Do you not know that?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Were you not concerned in it?

Mr. BAKER. Possibly.

Mr. UNTERMYER. What was that financing?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Has there not been any financing in the Republic Iron & Steel recently?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Do you think that where a banking house is responsible for a great corporation, as its fiscal agent, banker, having its partners on the board, that a weak competitor who is financed by it is in as strong and independent a position to compete as though he had not been so financed?

Mr. BAKER. Well, we will say no.

Mr. UNTERMYER. You mean it, too, do you not, Mr. Baker?

Mr. BAKER. Yes.

Mr. UNTERMYER. Mr. Morgan, in his testimony, referred to the large increase in the Reading Co.'s earning since the reorganization. Can you tell me, as a director in those companies, how much increase there has been during that time in the price of coal?

Mr. BAKER. No; I can not.

Mr. UNTERMYER. Can you tell me how much the price per ton was increased over and above the increased cost of production?

Mr. BAKER. I do not think it was increased any; but I do not know.

Mr. UNTERMYER. Do you not know that the increased cost of production has been about 32 cents a ton?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. Do you not know that the increased price at the mines has been a little over three times the increase in cost of production?

Mr. BAKER. No; I did not know that.

Mr. UNTERMYER. Do you know whether it is so or not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Have you never followed those statistics?

Mr. BAKER. Not of late years; not for a number of years.

Mr. UNTERMYER. You can gather those for the committee, can you not?

Mr. BAKER. Oh, I can.

Mr. UNTERMYER. Will you do so?

Mr. BAKER. I shall try to do so.

Mr. UNTERMYER. We shall feel indebted to you, Mr. Baker, if you will give us those statistics.

Mr. BAKER. All right, sir.

Mr. UNTERMYER. I understood you to say that you personally did not know anything about the negotiations in the organization of the Steel Corporation?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That is right, is it?

Mr. BAKER. Yes.

Mr. UNTERMYER. Or the way in which the boards are made up?

Mr. BAKER. That is correct.

Mr. UNTERMYER. What are the ethics of banking, Mr. Baker, as to noninterference with a banker who represents a street railroad or industrial property in dealing with the security of that company?

Mr. BAKER. I could not tell you. I do not know.

Mr. UNTERMYER. Do you not know, Mr. Baker, that it is considered improper to bid upon the securities of such a company as against the banker that is responsible for the company and its success?

Mr. BAKER. I should think it would be.

Mr. UNTERMYER. What part does the clearing house of New York play in the financial system of the country? A very important part?

Mr. BAKER. Only in times of panic; except for the facility of transacting business.

Mr. UNTERMYER. It plays an important part in the facility of transacting business, does it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And is the stock exchange an integral and essential part of the present complicated financial system?

Mr. BAKER. I should think so; yes, sir.

Mr. UNTERMYER. How are values of listed securities fixed? Are they fixed by quotations on the exchange?

Mr. BAKER. I suppose so; yes, sir.

Mr. UNTERMYER. When your bank lends on securities, what basis does it take for loans?

Mr. BAKER. If they are active, we take the quotations of the stock exchange.

Mr. UNTERMYER. You take the listed quotations?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you not think there should be a law to prevent directors from borrowing from their own institutions?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are opposed to it, are you? You think they should be permitted to borrow in the discretion of their codirectors?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Suppose they all want to borrow?

Mr. BAKER. That is—

Mr. UNTERMYER (interposing). That is as broad as it is long.

Mr. BAKER. I think I would rather know whether a director in my bank was borrowing money or not, and know just how he stood financially. I should rather have him borrow of me than go outside to do it.

Mr. UNTERMYER. If he borrows outside you would know it, would you not?

Mr. BAKER. Not necessarily.

Mr. UNTERMYER. If he borrows from clearing-house banks you would.

Mr. BAKER. No, sir.

Mr. UNTERMYER. You do not disapprove of directors borrowing from their banks?

Mr. BAKER. I do not; no, sir.

Mr. UNTERMYER. You approve of it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is that the reason why men are so willing to be directors of banks?

Mr. BAKER. Perhaps it is. It is with some of them.

Mr. UNTERMYER. You think if they were not allowed to borrow you would have difficulty in getting good directors?

Mr. BAKER. I got in two or three banks, but I did not get any loans from them.

Mr. UNTERMYER. Do the directors in your bank know the loans in your bank?

Mr. BAKER. It is like all directors; some do and some do not.

Mr. UNTERMYER. But those that want to know are informed, are they not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And the executive committee knows it, does it not?

Mr. BAKER. Not always, but they should know it. I ought to know a great many things that I do not know.

Mr. UNTERMYER. You do not agree, then, with Mr. Morgan's view that the directors are not entitled to know the loans in their banks?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you connected with the American Locomotive Works?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are any of your banks?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Mr. Baker, I suppose you do not think there is a money trust, do you?

Mr. BAKER. I do not believe there is.

Mr. UNTERMYER. You do not think there is?

Mr. BAKER. No, sir.

Mr. UNTERMYER. What do you understand by a money trust?

Mr. BAKER. I give it up. I don't know.

Mr. UNTERMYER. Then you do not know whether there is one or not, do you?

Mr. BAKER. No; I do not. I do not take much interest in that.

Mr. UNTERMYER. Do you think there is any kind of a trust in anything?

Mr. BAKER. Oh, yes; I suppose so.

Mr. UNTERMYER. Do you concede that there are any trusts in the country at all, of any kind?

Mr. BAKER. That is what they call them—all these combinations.

Mr. UNTERMYER. There are some, are there?

Mr. BAKER. They call them that; yes, sir.

Mr. UNTERMYER. And whether or not there is a money trust you would not like to say?

Mr. BAKER. No.

Mr. UNTERMYER. Suppose we define a money trust as an established identity and community of interest between a few leaders of finance which has been created and is held together through stock holding, interlocking directorates, and other forms of domination over banks, trust companies, railroads, public-service and industrial corporations, and which has resulted in vast and growing concentration and control of money and credit in the hands of a comparatively few men. Taking that definition, is there any doubt of the fact that there has been of late years a vast and growing concentration of credit in the hands of a few men?

Mr. BAKER. Well, there is a great amount of money that has come together here, more or less concentrated.

Mr. UNTERMYER. There have been great mergers of financial institutions, have there not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Take, for instance, the Guaranty and the Bankers Trust. They represent, now, how many different banks and trust companies?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Were there not five put into the Guaranty and two in the Bankers'?

Mr. BAKER. I do not remember. Very likely.

Mr. UNTERMYER. And there have been a great number of those consolidations in different parts of the country?

Mr. BAKER. Yes.

Mr. UNTERMYER. And is it or not the fact that, of late years, there has been a change of policy on the part of the great bankers in buying into financial institutions?

Mr. BAKER. I do not know it.

Mr. UNTERMYER. Take, for instance, Morgan & Co. Do you not know that in the last 10 years they have bought into a great many banks, and have supported and encouraged the combination and consolidation of a great many with which they have been identified?

Mr. BAKER. I did not know that; no, sir.

Mr. UNTERMYER. You do not know the extent to which they have done it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You have been concerned very much in putting banks together, have you not?

Mr. BAKER. Not very much.

Mr. UNTERMYER. You have put a good many of them together, or have been concerned in doing it, have you not?

Mr. BAKER. Not very many, I do not think.

Mr. UNTERMYER. How many have you been concerned in putting together?

Mr. BAKER. The Sixth and the Astor and the Republic and the First. That is all I think of at the moment.

Mr. UNTERMYER. You have also bought into the Liberty, have you not?

Mr. BAKER. That was not a consolidated bank.

Mr. UNTERMYER. But you have bought into a number of financial institutions?

Mr. BAKER. I do not think I bought in that. I think I was one of the original—

Mr. UNTERMYER (interposing). Did you buy into the City Bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You know that Messrs. Morgan have, largely, do you not?

Mr. BAKER. I know that they are directors in that bank, and that they must be stockholders; I do not know to what extent.

Mr. UNTERMYER. You have bought into the Bank of Commerce lately, have you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is a sort of concentration that has been going on of late years considerably, has it not, in very large amounts?

Mr. BAKER. I doubt it.

Mr. UNTERMYER. What is the extent to which you have been a party to it, in dollars? Would you be able to say?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You would not?

Mr. BAKER. No, sir; not offhand, certainly.

Mr. UNTERMYER. I suppose you would see no harm, would you, in having the control of credit, as represented by the control of banks and trust companies, still further concentrated? Do you think that would be dangerous?

Mr. BAKER. I think it has gone about far enough.

Mr. UNTERMYER. You think it would be dangerous to go further?

Mr. BAKER. It might not be dangerous, but still it has gone about far enough. In good hands, I do not see that it would do any harm. If it got into bad hands, it would be very bad.

Mr. UNTERMYER. If it got into bad hands, it would wreck the country?

Mr. BAKER. Yes; but I do not believe it could get into bad hands.

Mr. UNTERMYER. You admit that if this concentration, to the point to which it has gone, were by any action to get into bad hands, it would wreck the country?

Mr. BAKER. I can not imagine such a condition.

Mr. UNTERMYER. I thought you said so.

Mr. BAKER. I said it would be bad, but I do not think it would wreck the country. I do not think bad hands could manage it. They could not retain the deposits nor the securities.

Mr. UNTERMYER. I am not speaking of incompetent hands. We are speaking of this concentration which has come about and the power that it brings with it getting into the hands of very ambitious men, perhaps not overscrupulous. You see a peril in that, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. So that the safety, if you think there is safety in the situation, really lies in the personnel of the men?

Mr. BAKER. Very much.

Mr. UNTERMYER. Do you think that is a comfortable situation for a great country to be in?

Mr. BAKER. Not entirely.

Mr. UNTERMYER. I think that is all. We are very much obliged to you.

Mr. BAKER. I would like, before going, to thank the committee and counsel for their courtesy.

The CHAIRMAN. We are indebted to you for your courtesy, Mr. Baker.

Whereupon, at 4.25 o'clock p. m., an adjournment was taken until Tuesday, January 14, 1913, at 2 o'clock p. m.

EXHIBIT 197.

CORPORATIONS IN WHICH THE BANK'S OFFICERS ARE DIRECTORS.

[Corporations marked with an asterisk (*) have some member of the firm of J. P. Morgan & Co. in the directorate.]

- * Adams Express Co.
- American Can Co.
- American Cotton Oil Co.
- American Red Cross, of Washington, D. C.
- American Surety Co.
- † * American Telephone & Telegraph.
- † * Astor Trust Co.
- Audit Co., of New York.
- Bankers' Safe Deposit Co.
- * Baldwin Locomotive Co.
- * Bankers' Trust Co.
- Brooklyn Trust Co.
- Burlington, Cedar Rapids & Northern Railway Co.
- Car Trust Investment Co. (Ltd.).
- Cedar Rapids, Iowa Falls & Northwestern Railway Co.
- * Central Railroad of New Jersey.
- Chase National Bank.
- Chicago, Burlington & Quincy Railroad Co.
- Chicago, Rock Island & Pacific Railroad Co.
- Chicago, Rock Island & Pacific Railway Co.
- Choctaw, Oklahoma & Gulf Railroad Co.
- Colorado & Southern Railway Co.
- Consolidated Gas Co. of New York.
- Delaware, Lackawanna & Western Railroad Co.
- East Jersey Water Co.
- Equitable Life Assurance Society.
- * Erie Railroad Co.
- Farmers' Loan & Trust Co.
- Fidelity Phenix Fire Insurance Co. of New York.
- * First National Bank, New York.
- * First Security Co. of the City of New York.

First National Bank, Groton, N. Y.
 * Geneva, Corning & Southern Railroad Co.
 * Guaranty Trust Co. of New York.
 Home Life Insurance Co. of New York.
 Jersey City Water Supply Co.
 Keokuk & Des Moines Railway Co.
 * Lake Erie & Western Railroad Co.
 Lake Forest University, Lake Forest, Ill.
 * Lake Shore & Michigan Southern Railway Co.
 * Lehigh & Wilkes-Barre Coal Co.
 * Lehigh Valley Railroad Co.
 * Liberty National Bank of New York.
 * Michigan Central Railroad Co.
 * Mohawk & Malone Railway Co.
 Montclair Golf Club, Montclair, N. J.
 Montclair Water Co., Montclair, N. J.
 * Mutual Life Insurance Co. of New York.
 Nashawannuck Manufacturing Co.
 Nassau Country Club.
 * National Bank of Commerce, New York.
 National Biscuit Co.
 National Employment Exchange.
 * New England Navigation Co.
 New Jersey General Security Co.
 New York Clearing House Association.
 * New York & Harlem Railroad Co.
 New York & Long Branch Railroad Co.
 * New York & Putnam Railroad Co.
 * New York Central & Hudson River Railroad Co.
 * New York, Chicago & St. Louis Railroad Co.
 New York Edison Co.
 New York Mutual Gas Light Co.
 * New York, New Haven & Hartford Railroad Co.
 * New York, Susquehanna & Western Railroad Co.
 * Northern Pacific Railway Co.
 Northern Securities Co.
 Orange Lawn Tennis Club.
 Pennsylvania Coal Co.
 Peoria & Bureau Valley Railroad Co.
 Phelps, Dodge & Co. (Inc.).
 * Philadelphia & Reading Railway Co.
 * Pullman Co.
 Quincy, Omaha & Kansas City Railway Co.
 * Reading Co.
 Review of Reviews Co.
 Rock Island Co.
 * Rutland Railroad Co.
 Securities Co.
 Spring Brook Water Supply Co.
 * Southern Railway Co.
 Tide Water Oil Co.
 Tide Water Pipe Co. (Ltd.).
 United States Rubber Co.
 * United States Steel Corporation.
 * West Shore Railroad Co.
 * William Cramp & Sons Ship & Engine Building Co.
 Delaware, Lackawanna & Western Coal.
 Tobacco Products Corporation.

 EXHIBIT 197-A.

CORPORATIONS IN WHICH THE BANK'S OFFICERS ARE DIRECTORS.

Mr. F. L. Hine.

American Can Co.
 American Cotton Oil Co.
 American Surety Co.
 * Astor Trust Co.

Audit Co. of New York.
 * Bankers Trust Co.
 Brooklyn Trust Co.
 Burlington, Cedar Rapids & Northern Railway Co.
 Cedar Rapids, Iowa Falls & Northwestern Railway Co.
 Chase National Bank, New York.
 Chicago, Rock Island & Pacific Railroad Co.
 Chicago, Rock Island & Pacific Railway Co.
 Choctaw, Oklahoma & Gulf Railroad Co.
 East Jersey Water Co.
 Fidelity-Phenix Fire Insurance Co. of New York.
 * First National Bank, New York.
 * First Security Co. of the city of New York.
 Home Life Insurance Co. of New York.
 Jersey City Water Supply Co.
 Keokuk & Des Moines Railway Co.
 * Liberty National Bank.
 Nassau Country Club.
 Nashawannuck Manufacturing Co.
 * National Bank of Commerce, New York.
 National Biscuit Co.
 National Employment Exchange.
 New York Clearing House Association.
 Peoria & Bureau Valley Railroad Co.
 Phelps, Dodge & Co. (Inc.).
 Review of Reviews Co.
 Rock Island Co.
 Securities Co.
 Tide Water Oil Co.
 Union Theological Seminary.
 United States Rubber Co.
 * William Cramp & Sons Ship & Engine Building Co.
 Tobacco Products Corporation.

Mr. C. D. Norton.

American Red Cross, of Washington, D. C.
 * Baldwin Locomotive Works.
 * Bankers Trust Co.
 Charity Organization Society of New York.
 Equitable Life Assurance Society.
 * First National Bank.
 * First Security Co.
 Lake Forest University, Lake Forest, Ill.

Mr. C. D. Backus.

First National Bank, Groton, N. Y.
 Montclair Golf Club, Montclair, N. J.

Mr. F. D. Bartow.

Orange Lawn Tennis Club, South Orange, N. J.

Mr. George F. Baker, sr.

* Adams Express Co.
 * American Telegraph & Telephone Co.
 * Astor Trust Co.
 Bankers Safe Deposit Co.
 Car Trust Investment Co. (Ltd.).
 * Central Railroad of New Jersey.
 Chase National Bank.
 Chicago, Burlington & Quincy Railroad Co.
 Colorado & Southern Railway Co.
 Consolidated Gas Co. of New York.
 Delaware, Lackawanna & Western Railroad Co.

East Jersey Water Co.
 * Erie Railroad Co.
 Farmers Loan & Trust Co.
 * First National Bank, New York.
 * First Security Co. of the city of New York.
 * Geneva, Corning & Southern Railroad Co.
 * Guaranty Trust Co. of New York.
 Jersey City Water Supply Co.
 * Lake Erie & Western Railroad Co.
 * Lake Shore & Michigan Southern Railway Co.
 * Lehigh & Wilkes-Barre Coal Co.
 * Lehigh Valley Railroad Co.
 * Michigan Central Railroad Co.
 * Mohawk & Malone Railway Co.
 Montclair Water Co.
 * Mutual Life Insurance Co. of New York.
 * National Bank of Commerce, New York.
 * New England Navigation Co.
 New Jersey General Security Co.
 * New York & Harlem Railroad.
 New York & Long Branch Railroad Co.
 * New York & Putnam Railroad Co.
 * New York Central & Hudson River Railroad Co.
 * New York, Chicago & St. Louis Railroad Co.
 New York Edison Co.
 New York Mutual Gas Light Co.
 * New York, New Haven & Hartford Railroad Co.
 * New York, Susquehanna & Western Railroad Co.
 * Northern Pacific Railway Co.
 Northern Securities Co.
 Pennsylvania Coal Co.
 * Philadelphia & Reading Railway Co.
 * Pullman Co.
 * Reading Co.
 * Rutland Railroad Co.
 Spring Brook Water Supply Co.
 * United States Steel Corporation.
 * West Shore Railroad Co.

Mr. George F. Baker, jr.

Chase National Bank.
 Colorado & Southern Railway Co.
 Delaware, Lackawanna & Western Railroad Co.
 Delaware, Lackawanna & Western Coal Co.
 * First National Bank.
 * First Security Co. of the city of New York.
 Jersey City Water Supply Co.
 New York & Long Branch Railroad Co.
 Quincy, Omaha & Kansas City Railroad.
 * Southern Railway Co.
 Tide Water Oil Co.
 Tide Water Pipe Co.

EXHIBIT 198.

FIRST NATIONAL BANK OF THE CITY OF NEW YORK.

Net deposits at January 1 for each year since organization.

1863-----	1869-----	\$3, 858, 800
1864-----	1870-----	4, 173, 100
1865-----	1871-----	4, 134, 700
1866-----	1872-----	5, 049, 000
1867-----	1873-----	4, 908, 000
1868-----	1874-----	5, 001, 100

1875-----	\$5, 458, 800	1895-----	\$22, 838, 000
1876-----	5, 843, 100	1896-----	17, 499, 600
1877-----	6, 317, 000	1897-----	22, 645, 300
1878-----	6, 668, 000	1898-----	26, 627, 500
1879-----	8, 553, 200	1899-----	34, 188, 300
1880-----	11, 042, 000	1900-----	29, 890, 900
1881-----	15, 408, 500	1901-----	37, 241, 300
1882-----	14, 732, 200	1902-----	74, 909, 900
1883-----	15, 349, 700	1903-----	68, 088, 900
1884-----	14, 268, 900	1904-----	70, 378, 200
1885-----	16, 312, 000	1905-----	97, 097, 000
1886-----	19, 691, 500	1906-----	72, 171, 000
1887-----	19, 310, 500	1907-----	61, 041, 000
1888-----	18, 164, 800	1908-----	78, 101, 000
1889-----	22, 707, 300	1909-----	131, 738, 000
1890-----	20, 679, 900	1910-----	85, 069, 000
1891-----	20, 051, 200	1911-----	84, 699, 000
1892-----	24, 654, 300	1912-----	106, 811, 000
1893-----	19, 546, 000	1913-----	
1894-----	23, 016, 900		

EXHIBIT 199.

AGREEMENT BETWEEN GUARANTY TRUST CO. OF NEW YORK AND SYNDICATE SUBSCRIBERS.

An agreement made this 27th day of February, in the year 1890, by and between Guaranty Trust Co. of New York, a corporation existing under the laws of the State of New York (hereinafter called the Trustee), party of the first part, and the several subscribers (hereinafter called each a syndicate subscriber and collectively the Syndicate), parties of the second part:

Whereas two certain contracts have been entered into by and between Clarence D. Simpson and Thomas H. Watkins, composing the firm of Simpson & Watkins, of Scranton, Pa., one with the Temple Iron Company, a corporation of the State of Pennsylvania, and the other with the said Guaranty Trust Co. of New York, of which agreements copies are hereunto annexed and upon which this agreement is based: Now therefore

This agreement witnesseth:

First: Upon demand to be served severally, as hereinafter provided, the Syndicate will purchase from the Trustee the first collateral-trust or mortgage 4 per cent gold sinking-fund bonds of the Temple Iron Co. for the aggregate principal sum of \$2,100,000 and will pay therefor the price of 90 cents on the dollar and accrued interest, and also will purchase from the Trustee at par its certificates of beneficial interest for the aggregate principal sum of \$1,500,000 in respect of certificates of the capital stock of said the Temple Iron Co. for a like amount held by or deposited with the Trustee, it being understood that so many of such shares as may be necessary therefor may be withdrawn and be used to qualify directors and judges of election. The terms of the certificates of such beneficial interest shall be such as shall be determined by Francis Lynde Stetson, George F. Baer, and C. H. Coster, or any two of them.

Second. The total obligation now assumed by the Syndicate hereunder is \$3,390,000, and no syndicate subscriber assumes any obligation hereunder in excess of the sum stated in his subscription hereto, and no syndicate subscriber shall be responsible for the default or failure of any other syndicate subscriber.

It is, however, distinctly understood and agreed that as and when determined by the said Stetson, Baer, and Coster, or by any two of them, the capital stock of said The Temple Iron Co. may be increased to an aggregate amount not exceeding \$5,000,000, and may be issued (but in such manner only as shall result in the same being deposited with and held by the Trustee upon conditions and against certificates of beneficial interest similar to those herein proposed), and its first collateral-trust or mortgage deed may be made to secure a possible issue of bonds for an aggregate principal sum not exceeding \$15,000,000, of which \$11,500,000 shall be reserved and used only with the consent of the said Stetson, Baer, and Coster, or any two of them, for the purpose of acquiring additional property.

Third. Any and all notices or demands hereunder to or upon any syndicate subscriber shall be sufficiently given or made if delivered or mailed to such subscriber at the address indicated in his subscription.

In witness whereof the parties have caused these presents duly to be executed and delivered the day and year first above written.

[L. S.]

GUARANTY TRUST CO. OF NEW YORK.
By W. G. OAKMAN, *President*.

Attest:

[SEAL.]

H. A. MURRAY, *Secretary*.

J. P. Morgan	-----	\$500,000
H. McK. Twombly	-----	500,000
Wm. Rockefeller	-----	500,000
Geo. F. Baer	-----	500,000
James Stillman	-----	250,000
Drexel & Co	-----	640,000
Guaranty Trust Co. of New York, by W. G. Oakman, president	-----	500,000
		<hr/>
		3,390,000