

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 22

**WASHINGTON
GOVERNMENT PRINTING OFFICE**

1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

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II

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY, HOUSE OF REPRESENTATIVES, *Washington, D. C., Wednesday, January 15, 1913.*

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

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

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

The CHAIRMAN. The committee will come to order, and Dr. Richardson will take the stand.

TESTIMONY OF CHARLES W. RICHARDSON, M. D.

The witness was sworn by the chairman.

Mr. UNTERMYER. Dr. Richardson, will you be good enough to state your residence and profession?

Dr. RICHARDSON. My residence is Washington, D. C. My profession is that of a physician.

Mr. UNTERMYER. Do you specialize in any capacity?

Dr. RICHARDSON. I do; in the throat and ear.

Mr. UNTERMYER. How long have you been a practicing physician?

Dr. RICHARDSON. Twenty-seven years.

Mr. UNTERMYER. How long have you been specializing in the treatment of the throat and ear?

Dr. RICHARDSON. About 25 or 26 years.

Mr. UNTERMYER. Are you connected with any hospitals?

Dr. RICHARDSON. I am. I am consulting physician of Providence Hospital; I am attending physician to the Episcopal Throat and Ear Hospital; I am attending physician to the Children's Hospital; all these in the throat department; and I am the clinical professor of throat and ear diseases in the George Washington University Hospital.

Mr. UNTERMYER. Of what institutions of learning are you a graduate?

Dr. RICHARDSON. I am a graduate of the old Columbian University, now George Washington University; also of the University of Pennsylvania.

Mr. UNTERMYER. Of the medical department of the university?

Dr. RICHARDSON. Yes; of the medical department of the University of Pennsylvania.

Mr. UNTERMYER. Did you, at the request of the chairman, make an examination of the physical condition of Mr. William Rockefeller?

Dr. RICHARDSON. I did.

Mr. UNTERMYER. When did you make that examination?

Dr. RICHARDSON. I made that examination Sunday morning past.

Mr. UNTERMYER. The 12th of January?

Dr. RICHARDSON. The 12th of January.

Mr. UNTERMYER. And where?

Dr. RICHARDSON. At Miami, Fla.

Mr. UNTERMYER. Did Mr. Rockefeller come from Nassau for the purpose of undergoing that examination?

Dr. RICHARDSON. Solely for that purpose.

Mr. UNTERMYER. Did he have a physician in attendance with him?

Dr. RICHARDSON. He did not have a physician in attendance with him, but a physician of his met him at Miami.

Mr. UNTERMYER. His family physician met him?

Dr. RICHARDSON. His throat and ear physician.

Mr. UNTERMYER. Who is that?

Dr. RICHARDSON. Dr. William F. Chappell, of New York.

Mr. UNTERMYER. I wish you would be kind enough to tell the committee the nature and extent of your examination, and whether or not any other physician was in attendance when you made it; also the results of that examination, in so far as you feel at liberty to state.

Dr. RICHARDSON. Mr. William Rockefeller came to Miami at 12 o'clock on Sunday, January 12. He came immediately to the hotel, and Dr. Chappell made all arrangements for the examination. They acquiesced in every way to make this easy. The examination was made entirely alone.

Mr. UNTERMYER. You mean there was no physician in attendance when you examined Mr. Rockefeller?

Dr. RICHARDSON. Absolutely no one; Mr. Rockefeller and I being in the room entirely alone, and without observation or audition of anyone else. The examination was as thorough as it could be made.

Mr. UNTERMYER. How long did it occupy?

Dr. RICHARDSON. About one hour. A previous history of the case had been outlined to me by Dr. Chappell.

Mr. UNTERMYER. Did you also have with you the affidavits that were presented to the committee by Dr. Chappell and Dr. Lambert?

Dr. RICHARDSON. I did.

Mr. UNTERMYER. Is Dr. Lambert an eminent man?

Dr. RICHARDSON. He is.

Mr. UNTERMYER. Of nation-wide reputation?

Dr. RICHARDSON. I think so.

Speaking of the affidavit to which you have just referred—and that might be a point to lead up to the examination—it does not exactly fit in with the character of the case.

Mr. UNTERMYER. To whose affidavit do you refer?

Dr. RICHARDSON. Dr. Chappell's. It is more serious than he indicates by words. A medical man can see that there is something further in the case than is evident in the affidavit.

Mr. UNTERMYER. Does that apply also to Dr. Lambert's affidavit?

Dr. RICHARDSON. No; I think his is exact.

Mr. UNTERMYER. You think he frankly states, in medical terms, what the trouble is?

Dr. RICHARDSON. Yes, sir

This condition dates back to 1905, when the first disturbance was noted.

Mr. UNTERMYER. What disturbance?

Dr. RICHARDSON. In his vocal region. At that time a very serious operation was performed; a very serious operation, one of as great magnitude as is usually done.

Mr. UNTERMYER. Was a part of the throat cut away?

Dr. RICHARDSON. Yes. I may state that the right vocal cord is entirely gone, there being simply a scarlike small band indicating where it was. The anterior portion of the right band is gone. That is plainly evident in the examination. I will state that the other examinations, other than these, showed that his pulse was 100, and his blood pressure 162.

Mr. UNTERMYER. Is that abnormal?

Dr. RICHARDSON. Not for a man of 72 years of age. It is a little elevated. He had a bad night coming over. The examination was made almost immediately after he arrived, and I think the excitement accounted for the elevation of his pulse a little above normal.

In order to get a graphic test—this is getting away from his throat, now—in order to get a graphic test, I requested him to write. I was standing behind him, and he not knowing that I was timing him. He wrote continuously with a great deal of effort, however. This condition which he has is what is commonly known as shaking palsy, his hand constantly moving and his head gyrating at the same time. It took him two and a half minutes, Mr. Chairman, to write these few words [handing paper to the chairman].

Mr. UNTERMYER. How many words?

Dr. RICHARDSON. Eleven words.

Mr. UNTERMYER. Is there anything further you want to say?

Dr. RICHARDSON. Do you wish my conclusion?

Mr. UNTERMYER. Yes, if you please, your conclusion as to whether it would be safe to insist upon his testifying, either here or elsewhere.

Dr. RICHARDSON. The physician fears that if he is brought before a committee that he may have development of edema or swelling in his larynx which will obstruct his breathing, or he might have a hemorrhage.

Mr. UNTERMYER. Are those possible results?

Dr. RICHARDSON. They are probable results. Along that line I wish to state my conclusions. In conclusion I would state that Mr. Rockefeller has two very serious and progressive chronic conditions, both of which impair his efficiency as a witness. The affection of his larynx has reduced his voice to a whisper, which can only be heard with clearness for 20 feet. Through effort, nervousness, or prolonged use its carrying quality, in all probability, would be greatly impaired. The nervous affection is of such a character as to make it impracticable to carry on an examination through the medium of writing. I believe that a short examination could be carried on through the use of the voice without imminent danger to the life of the patient, although it might be very tiring, and attended with considerable exhaustion. A prolonged examination, enduring over a morning and afternoon session of the committee, with its nervous tension, would be apt to lessen the carrying quality of the voice, so that it would become practically extinct, that is, so that you could not hear the voice within a few feet of him. In other words the left

vocal cord, which is practically doing all the function, and only two-thirds of it being muscular tissue, would gradually become so weakened that it could not keep up its work.

Mr. UNTERMYER. Has the left cord been affected too?

Dr. RICHARDSON. The anterior portion, which has been taken away; it was taken away for safety, you know.

Mr. UNTERMYER. Part of the left cord was also taken away, and all of the right?

Dr. RICHARDSON. Yes.

Mr. UNTERMYER. How many operations has he undergone?

Dr. RICHARDSON. He has undergone what we call three endolaryngeal operations, being made through the mouth, and then this one extensive external operation. A prolonged examination is apt to tax greatly his nervous condition and give rise to great irritation of his larynx, and is very likely to be detrimental in a remote way to his physical being.

Mr. UNTERMYER. What do you mean by being detrimental in a remote way? Would it be likely or probable to cause serious harm?

Dr. RICHARDSON. That is a question which no man can answer. Of course if he has tissues or cells in there which by continuous vibration over a long time, and under nervous tension, would be stimulated into activity, that would be a remote possibility. That is what I mean.

Mr. UNTERMYER. That does not accord with Dr. Lambert's view, does it?

Dr. RICHARDSON. I mean in his larynx. Dr. Lambert does not refer to his larynx.

Mr. UNTERMYER. Have you the affidavits there?

Dr. RICHARDSON. Yes. He just says he has seen him and agrees with Dr. Chappell.

Mr. UNTERMYER. I call your attention to the last paragraph of Dr. Lambert's affidavit, as follows:

In the present highly sensitive and critical condition of his throat, any effort or strain or excitement might produce a condition that would not only imperil Mr. Rockefeller's life, but might even reasonably be expected to cause his sudden death.

Dr. RICHARDSON. I knew that was in there, but I did not know which one referred to it. No, I do not think it would be attended with any imminent danger of that type.

Mr. UNTERMYER. You do not think it might be reasonably expected to cause his sudden death?

Dr. RICHARDSON. No; not any more than it would any other man of 72 years of age under similar nervous strain.

Mr. UNTERMYER. Is his condition of palsy very much advanced?

Dr. RICHARDSON. Very.

Mr. UNTERMYER. And you think writing answers to the questions quite out of the question?

Dr. RICHARDSON. I think that is practically impossible. The longer he writes the more difficult it would be for him to write.

Mr. UNTERMYER. You do not think he could undergo an hour's examination in the way of written answers to questions?

Dr. RICHARDSON. I hardly think so. And I think it would be awfully tiresome to everyone else that witnessed it.

Mr. UNTERMYER. You mean he writes very painfully and slowly.

Dr. RICHARDSON. Very slowly; and there would be gyrations of his head, which would be evident that he was under difficulty.

Mr. UNTERMYER. You say he can not speak above a whisper?

Dr. RICHARDSON. No.

Mr. UNTERMYER. The committee wants your advice, Dr. Richardson, and is relying upon your advice as to whether, under all the circumstances, as you observed them, it would be a proper and humane thing to examine Mr. Rockefeller, either here or elsewhere?

Dr. RICHARDSON. May I put it in my own way?

Mr. UNTERMYER. If you please.

Dr. RICHARDSON. I think if it was of very great practical importance to obtain the testimony of this witness, that without endangering his life, he could be subjected to a short examination.

Mr. UNTERMYER. How long an examination do you suppose he could stand the strain of?

Dr. RICHARDSON. For an hour.

Mr. UNTERMYER. Not beyond that?

Dr. RICHARDSON. Not beyond that; an hour or two.

Mr. UNTERMYER. An examination, in order to be effective, that might require memory, and that might endure over three or four hours, even if separated; is that within the range of possibility, without injury?

Dr. RICHARDSON. I think it is, certainly without immediate injury.

Mr. UNTERMYER. Well, without eventual injury?

Dr. RICHARDSON. That is a difficult question to answer, sir.

Mr. UNTERMYER. Would you advise the committee that it ought to take the risk? Have you heard the question?

Dr. RICHARDSON. I have, and I am trying to consider it from all points of view.

Mr. UNTERMYER. You understand the committee does not want to take any substantial risk of being responsible for serious consequences to a man.

Dr. RICHARDSON. As I stated, I think that if the testimony is of grave enough character—

Mr. UNTERMYER. What do you mean by that?

Dr. RICHARDSON. Of sufficient practical importance to this committee.

Mr. UNTERMYER. Well, what do you mean? We are not considering so much at the moment the importance of the testimony to the committee, as we are considering the effect of doing a thing that might prove unjustifiable and that might entail a grave responsibility upon the committee. We want you to take the responsibility, or to share it with us, at least.

Dr. RICHARDSON. Yes. I think, then, he could testify for a couple of hours.

Mr. UNTERMYER. Is there anything else you care to say bearing on this subject, Dr. Richardson?

Dr. RICHARDSON. I might say one thing, that if he were my patient, I would want to protect him, as these doctors have.

Mr. UNTERMYER. You mean that if he were your patient you would not want him to be examined?

Dr. RICHARDSON. If he was my patient I would want to protect him, of course I would.

Mr. UNTERMYER. Protect him against what?

Dr. RICHARDSON. Against any irritation of his throat.

Mr. UNTERMYER. If he were your patient, then, you would not permit him to be examined; is that what you mean?

Mr. RICHARDSON. If I could legitimately protect him from being examined I would do so.

Mr. UNTERMYER. And you would consider you were performing your duty as a citizen as well as a physician in taking that attitude?

Dr. RICHARDSON. No; I am taking the attitude of my duty as a physician to my patient.

Mr. UNTERMYER. Of course. Would not that apply to any witness who did not want to be examined?

Dr. RICHARDSON. I said that is legitimate.

Mr. UNTERMYER. You mean you feel you would be doing a perfectly legitimate act?

Dr. RICHARDSON. Yes.

Mr. UNTERMYER. As his physician, in preventing him from being examined?

Dr. RICHARDSON. Not in preventing him; I mean in protecting him from the possibility of examination all I could.

The CHAIRMAN. Or advising against it?

Dr. RICHARDSON. Yes; advising against it.

Mr. UNTERMYER. Not being his physician, but being employed by the Government to give the committee a perfectly impartial judgment, do you take that same position?

Dr. RICHARDSON. No, sir. I have given my opinion on that.

Mr. UNTERMYER. Is that all, Doctor?

Dr. RICHARDSON. That is all.

Mr. UNTERMYER. Thank you.

The CHAIRMAN. We will dispose of this matter after the recess this afternoon.

TESTIMONY OF ALBERT C. BURRAGE.

The witness was sworn by the chairman.

Mr. UNTERMYER. Will you be good enough to state your residence and profession?

Mr. BURRAGE. My home is Boston, Mass. By profession, I am a lawyer.

Mr. UNTERMYER. Are you engaged in the practice of law?

Mr. BURRAGE. I have not been for a long time.

Mr. UNTERMYER. How long is it since you have been engaged in practice as a lawyer?

Mr. BURRAGE. Not since 1896.

Mr. UNTERMYER. What is your present occupation, if you have any?

Mr. BURRAGE. I have none. I look after my own affairs.

Mr. UNTERMYER. Are you connected with the copper industry?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Are you a director in the Amalgamated Copper Co.?

Mr. BURRAGE. I am.

Mr. UNTERMYER. How long have you been a director in the Amalgamated Copper Co.?

Mr. BURRAGE. Since 1899.

Mr. UNTERMYER. Was that the date of its organization?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Were you one of its organizers?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. I do not mean to ask whether you were one of the people named in the certificate of organization, but were you one of the principals concerned in its organization?

Mr. BURRAGE. Then I was.

Mr. UNTERMYER. Who were your partners, or associates, in that enterprise?

Mr. BURRAGE. The first permanent board of directors was Mr. H. H. Rogers, Mr. William Rockefeller, Mr. Robert Bacon, Mr. James Stillman—

Mr. UNTERMYER. Mr. Robert Bacon was then a member of the firm of Morgan & Co., was he?

Mr. BURRAGE. Yes, sir; and ex-Gov. R. P. Flower, F. P. Olcott, Mr. Marcus Daly, and myself.

Mr. UNTERMYER. Did those gentlemen constitute the first board of directors?

Mr. BURRAGE. The first regular or permanent board, yes. There were some temporary organizers.

Mr. UNTERMYER. There was a sort of a dummy board first, was there?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. And you and your associates turned over the property to that temporary board?

Mr. BURRAGE. No, sir; we did not have the property.

Mr. UNTERMYER. You had it under contract?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you have the shares of stock representing the property?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. And no contract for that?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who had them?

Mr. BURRAGE. I do not know. I do not recall by whom the original properties were turned over to the Amalgamated.

Mr. UNTERMYER. What were the original properties?

Mr. BURRAGE. I can not recall them exactly. I can remember them in substance.

Mr. UNTERMYER. Please state them in substance.

Mr. BURRAGE. The Anaconda Copper Mining Co., or shares in it, rather.

Mr. UNTERMYER. Was that a half interest?

Mr. BURRAGE. I do not recall the number of shares.

Mr. UNTERMYER. Was it a substantial control?

Mr. BURRAGE. I think so; yes, sir. I know it was more than half. The Washo Co.; I do not recall the exact title, and the Parrot Co.

Mr. UNTERMYER. It was the Washo Copper Co., was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And the Parrot Silver & Copper Co.?

Mr. BURRAGE. Yes; and there was a lumber company.

Mr. UNTERMYER. Was that the Big Black Foot Milling Co.?

Mr. BURRAGE. I think so; and some coal companies.

Mr. UNTERMYER. The Diamond Coal & Coke Co.?

Mr. BURRAGE. I think there was more than one. That was one.

Mr. UNTERMYER. Was the other the Hennessy Mercantile Co.?

Mr. BURRAGE. That was not a coal company, but I think that was included.

Mr. UNTERMYER. You say that you and your associates did not turn these properties over to the company; is that right?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. To whom did you turn them over?

Mr. BURRAGE. I never had them.

Mr. UNTERMYER. I did not ask whether you had them, I asked whether you and your associates——

Mr. BURRAGE. The question refers to me and my associates?

Mr. UNTERMYER. Yes. You say you had never acquired them?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. And you had no contract for them?

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

Mr. UNTERMYER. Or your associates?

Mr. BURRAGE. I do not know. Some one must have had them to turn them over to the company.

Mr. UNTERMYER. Did you not negotiate, in connection with Mr. Rogers, for these properties?

Mr. BURRAGE. I examined the properties, and saw some of the individuals. The final trade, however, was made by Mr. Rogers.

Mr. UNTERMYER. Did you not assist in the contract for the acquisition of those properties?

Mr. BURRAGE. I do not know that there were any contracts.

Mr. UNTERMYER. Do you know whether or not you did assist in preparing the contracts for the acquisition of those properties or shares of stock?

Mr. BURRAGE. To answer your question specifically, I do not; because I do not know of any contracts.

Mr. UNTERMYER. Do you know what the properties cost?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Were you not interested in the purchase?

Mr. BURRAGE. Very much so.

Mr. UNTERMYER. And Mr. Rogers was also interested?

Mr. BURRAGE. Yes sir.

Mr. UNTERMYER. And Mr. Rockefeller?

Mr. BURRAGE. Was what?

Mr. UNTERMYER. Was also interested in the purchase, as vendors?

Mr. BURRAGE. Yes sir. I do not know that they were as vendors.

Mr. UNTERMYER. Were you not, and were not your associates, interested in the properties as vendors to the new company—the Amalgamated Company?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. Did you not get a large profit out of it?

Mr. BURRAGE. Profit came ultimately out of the transaction; yes sir.

Mr. UNTERMYER. Did not you and your associates get a profit of \$39,000,000 out of it?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. What was the profit?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. What was your proportion of it?

Mr. BURRAGE. I do not know. I do not recall.

Mr. UNTERMYER. What percentage of it?

Mr. BURRAGE. I do not know that it was any percentage.

Mr. UNTERMYER. Did you get 20 per cent?

Mr. BURRAGE. Not that I know of. I do not recall.

Mr. UNTERMYER. Do you mean to tell us that you can not say, approximately?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Do you mean to say that you can not tell us, approximately, how large a profit you realized out of that transaction?

Mr. BURRAGE. Yes, sir; because it was mixed up with other things.

Mr. UNTERMYER. What was the magnitude of the transaction?

Mr. BURRAGE. The original capitalization of the Amalgamated Company was \$75,000,000.

Mr. UNTERMYER. What did those properties cost the people who turned them over?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Was it \$36,000,000?

Mr. BURRAGE. I should think it was much more than that.

Mr. UNTERMYER. Do you know whether it was more?

Mr. BURRAGE. I do not know the exact cost.

Mr. UNTERMYER. Can you tell us how much the cost was, approximately?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Not with any degree of accuracy?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Have you any books?

Mr. BURRAGE. I have not.

Mr. UNTERMYER. You can not tell us whether you had a 25 per cent interest in that purchase, or a 20 per cent interest?

Mr. BURRAGE. I can not.

Mr. UNTERMYER. Was Mr. Lawson also interested in it?

Mr. BURRAGE. That I do not know. I know that he ultimately got some profit.

Mr. UNTERMYER. Did he get \$6,000,000 out of it?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. Do you know how much he did get?

Mr. BURRAGE. I do not.

Mr. UNTERMYER. Did you get \$11,000,000 profits out of it?

Mr. BURRAGE. I did not.

Mr. UNTERMYER. How much did you get?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Did you get \$6,000,000?

Mr. BURRAGE. Not that I know of.

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

Mr. BURRAGE. I should say I did not.

Mr. UNTERMYER. Should you say you got \$5,000,000?

Mr. BURRAGE. It is utterly impossible for me to tell.

Mr. UNTERMYER. Did you get anything?

Mr. BURRAGE. It is utterly impossible for me to tell the amount that I received at that time, for the reason that I have already given you.

Mr. UNTERMYER. Did you get anything?

Mr. BURRAGE. Undoubtedly.

Mr. UNTERMYER. But how many million dollars you did get you can not tell us?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You can not enlighten the committee to any extent on that subject?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. What is that?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Do you know how much Mr. Rogers and Mr. Rockefeller realized out of that transaction by which these properties were turned over to the Amalgamated?

Mr. BURRAGE. I have not the slightest idea.

Mr. UNTERMYER. It was a joint transaction, was it not?

Mr. BURRAGE. I do not know that it was, in the sense——

Mr. UNTERMYER. Did not your profits depend on the general profit?

Mr. BURRAGE. I had no accounts.

Mr. UNTERMYER. Who kept the accounts?

Mr. BURRAGE. There must have been someone at 26 Broadway.

Mr. UNTERMYER. Who kept the accounts?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. Did not William Rockefeller keep them?

Mr. BURRAGE. Probably.

Mr. UNTERMYER. Do you not know that he did?

Mr. BURRAGE. I do not. My transactions were almost wholly with Mr. Rogers.

Mr. UNTERMYER. With Mr. Henry H. Rogers?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. Did he keep the accounts?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. From whom did your check come?

Mr. BURRAGE. I do not know that I ever got any check.

Mr. UNTERMYER. Did you get it all in bills?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. How was it paid to you?

Mr. BURRAGE. Whatever came to me ultimately came in shares.

Mr. UNTERMYER. In shares of the new company?

Mr. BURRAGE. No; there were other companies and other transactions concerned with it.

Mr. UNTERMYER. Who gave you those shares?

Mr. BURRAGE. It came either through Mr. Rockefeller or Mr. Rogers.

Mr. UNTERMYER. Who handed them to you?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. Was there any account kept?

Mr. BURRAGE. No. I never had any account.

Mr. UNTERMYER. Did you get any statement of the account?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you ask for any?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you examine any?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did your profits depend upon the cost of the properties?

Mr. BURRAGE. They must have.

Mr. UNTERMYER. And that involved the purchase of shares of various companies, did it?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And do you mean to say that you asked no account and saw no account?

Mr. BURRAGE. Yes, sir. I mean to say that.

Mr. UNTERMYER. You just took what they gave you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What was the arrangement under which you went into the transaction, as to your participation in the profits?

Mr. BURRAGE. There was no arrangement. There was no contract.

Mr. UNTERMYER. How many years did you spend in this venture?

Mr. BURRAGE. Prior to the organization of the Amalgamated?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. From about June, 1898.

Mr. UNTERMYER. Until when?

Mr. BURRAGE. Until the organization of the Amalgamated in the spring of 1899.

Mr. UNTERMYER. And thereafter how many years did you spend in it?

Mr. BURRAGE. I am still a director of the Amalgamated.

Mr. UNTERMYER. Apart from being a director, how many years did you spend in the completion of the purchases that went into Amalgamated?

Mr. BURRAGE. I do not know. I ceased to be active in it very shortly after it was organized.

Mr. UNTERMYER. You mean shortly after 1899?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. At the time of the organization of Amalgamated did you get Butte & Boston and Montana stock also as a part of your profit?

Mr. BURRAGE. At the time of the organization of Amalgamated?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. What did you get? Nothing but Amalgamated stock?

Mr. BURRAGE. I do not recall. I know that I got no Butte and Boston or Boston and Montana.

Mr. UNTERMYER. But your entire profit was paid to you in securities, was it?

Mr. BURRAGE. I think there were some other transactions that came in where there were losses, that were deducted.

Mr. UNTERMYER. The outcome of it was a profit, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And your profit was paid to you in what form?

Mr. BURRAGE. In the ultimate settlement of the accounts there may have been some money, but I do not recall. Probably only shares.

Mr. UNTERMYER. Probably only shares?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And you can not give the committee any satisfaction as to the amount of money that was made on that flotation of the Amalgamated Copper Co. in 1899?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Will you say that it was not over \$30,000,000 out of the \$75,000,000?

Mr. BURRAGE. I can not state it.

Mr. UNTERMYER. Will you say what your percentage of the profit was?

Mr. BURRAGE. I have already testified that I do not know that I had any percentage. I do not think I did.

Mr. UNTERMYER. There was no arrangement, then, was there, at any time, with Mr. Rogers and Mr. Rockefeller, or any of those who participated, whereby you were to share to a given percentage or amount in this profit?

Mr. BURRAGE. There certainly was not.

Mr. UNTERMYER. I will ask this question again: Whether, as a matter of fact, you did not get considerably upward of \$5,000,000 out of the transaction?

Mr. BURRAGE. I should say not, Mr. Untermeyer.

Mr. UNTERMYER. Will you say that you did not?

Mr. BURRAGE. No; I will not.

Mr. UNTERMYER. And there is no record, and there is no place from which we can find what the profit on that transaction was?

Mr. BURRAGE. I know of no record. I was not in active business, and kept no books myself.

Mr. UNTERMYER. This was pretty active business. was it not?

Mr. BURRAGE. Very much so.

Mr. UNTERMYER. And it was a very big transaction, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. It was the biggest in which you had ever engaged, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And it was the most important thing that had ever occurred to you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And yet you can not tell the committee the number of millions of dollars you made out of it?

Mr. BURRAGE. That is correct.

Mr. UNTERMYER. Or give us any information on the subject? Is that right?

Mr. BURRAGE. That is correct.

Mr. UNTERMYER. Nor can you tell us where we can find any books of account or other records which would enlighten the committee, can you?

Mr. BURRAGE. I know of none. I do not know what records were kept by Mr. Rogers and Mr. Rockefeller.

Mr. UNTERMYER. You never saw any?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. At no time?

Mr. BURRAGE. I never saw any.

Mr. UNTERMYER. Did you ever ask for any?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who handed you these securities that represented your profit in this large transaction?

Mr. BURRAGE. As I have already said, either Mr. Rogers or Mr. Rockefeller, or some one in one of their offices.

Mr. UNTERMYER. Do you mean to tell us that you can not say from whom you received these securities?

Mr. BURRAGE. Yes, sir. My business was primarily with Mr. H. H. Rogers.

Mr. UNTERMYER. Can you tell us from whose hands you received this profit?

Mr. BURRAGE. I can not.

Mr. UNTERMYER. Or as to whether it was accompanied by any statement showing how the profit was made up?

Mr. BURRAGE. It was not accompanied by any statement, so far as I can recall. I have no recollection of ever having received any statement or any account bearing upon the matter.

Mr. UNTERMYER. Nor have you any recollection of having seen anything?

Mr. BURRAGE. I have just said that I have no recollection of having seen any.

Mr. UNTERMYER. Following the flotation of Amalgamated Copper in 1889, there were other purchases of securities of copper mines put into the Amalgamated, were there not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Was there a public issue of Amalgamated Copper made?

Mr. BURRAGE. A what?

Mr. UNTERMYER. A public issue of the stock of the Amalgamated Copper made.

Mr. BURRAGE. I do not know what you refer to.

Mr. UNTERMYER. Do you know what a public issue is? I mean was the public invited to subscribe to this \$75,000,000 of stock?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. By public advertisement?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. Did you take part in the preparation of that advertisement?

Mr. BURRAGE. I do not recall that I did. I may have.

Mr. UNTERMYER. Did you prepare the advertisement?

Mr. BURRAGE. Not that I recall.

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

Mr. BURRAGE. No, sir; I do not at this time.

Mr. UNTERMYER. By whom was it signed?

Mr. BURRAGE. I do not recollect sufficiently to know.

Mr. UNTERMYER. Was it signed by Messrs. Rogers and Rockefeller and James Stillman?

Mr. BURRAGE. I do not know; perhaps you can refresh my recollection. I have no memory of it.

Mr. UNTERMYER. Has this entire transaction sort of gone out of your mind?

Mr. BURRAGE. Very largely, sir. It is 14 years ago.

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

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Have you the subpoena with you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Will you let me have it, please. [Witness hands paper to counsel.] Have you brought any papers with you?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Have you any papers?

Mr. BURRAGE. As called for, no sir.

Mr. UNTERMYER. Have you any papers bearing on the transaction?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. None whatever?

Mr. BURRAGE. None whatever.

Mr. UNTERMYER. Of any kind?

Mr. BURRAGE. Of any kind.

Mr. UNTERMYER. Why did you say "As called for"?

Mr. BURRAGE. Because I have some papers in my pocket that do not refer to this matter.

Mr. UNTERMYER. You mean papers about some other business, do you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Among the papers that are called for in the subpoena are the following:

All agreements or copies thereof, whether contained in formal documents or in correspondence, showing your interest in the securities or profits incident to the organization of the Amalgamated Copper Co. in or about 1898 or 1899, and all such papers as show your interest in any of the constituent properties that were transferred, or the securities of which were transferred to the Amalgamated Copper Co. at or about the time of its organization.

I understand you to say you have no such papers?

Mr. BURRAGE. There were no agreements that I ever knew of.

Mr. UNTERMYER. You see this refers to formal documents or correspondence?

Mr. BURRAGE. Yes, sir. There were no correspondence or formal documents that I know of.

Mr. UNTERMYER. Was this transaction, then, involving \$75,000,000 and involving, as you say, a large number of different properties and shares in properties, all consummated without the scratch of a pen?

Mr. BURRAGE. So far as I was concerned, absolutely so, Mr. Untermyer. I examined the property and saw the people, and the transaction was finally completed in New York, and not by any agreement or contract to which I was a party, or that I know of.

Mr. UNTERMYER. Were you not present when the transaction was completed by the payment of the money to the original vendors?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Where was it done?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. Were you present when the money was paid to any of them?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Were you acting as counsel in this transaction?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. In what capacity were you acting?

Mr. BURRAGE. As an associate of Mr. Rogers. It was very largely a matter of Mr. Rogers and myself, with those that he——

Mr. UNTERMYER. Associated in the copper business?

Mr. BURRAGE. No, there was no copper business.

Mr. UNTERMYER. Was not this a copper business?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You were merely acting as an associate with Mr. Rogers in this copper business?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Had you ever been in the copper business before?

Mr. BURRAGE. I had an interest in a company in Lake Superior for a year or two before that.

Mr. UNTERMYER. With Mr. Rogers?

Mr. BURRAGE. No.

Mr. UNTERMYER. Had you ever been in the copper business?

Mr. BURRAGE. No. He was associated with me in that.

Mr. UNTERMYER. That was a small interest, was it?

Mr. BURRAGE. Compared to this, it was a small matter.

Mr. UNTERMYER. But other than that, you had never been in the copper business?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You had been a lawyer?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. Did you contribute any capital to this enterprise of the Amalgamated?

Mr. BURRAGE. Whatever went into my account——

Mr. UNTERMYER. Did you contribute any capital?

Mr. BURRAGE. Undoubtedly.

Mr. UNTERMYER. You put up money, did you?

Mr. BURRAGE. I had accounts with Mr. Rogers, and whatever I had there went into it.

Mr. UNTERMYER. You put up money, did you?

Mr. BURRAGE. In that way, yes.

Mr. UNTERMYER. You mean you had a credit there?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. That is, he owed you money at the time, did he?

Mr. BURRAGE. No, sir. The accounts that we had together had a considerable amount in them, and whatever there was in them was carried into the new matter.

Mr. UNTERMYER. Then you had a credit with him at the time of this transaction, did you?

Mr. BURRAGE. With him or through him; yes, sir.

Mr. UNTERMYER. Through him with whom?

Mr. BURRAGE. Mr. William Rockefeller.

Mr. UNTERMYER. Then you had a credit with Mr. William Rockefeller, had you, at that time?

Mr. BURRAGE. I think that is a fair statement of it, yes; one or the other.

Mr. UNTERMYER. Well, is that the fact?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And do you know how much Mr. Rogers and Mr. Rockefeller contributed to this enterprise?

Mr. BURRAGE. I have not the slightest idea.

Mr. UNTERMYER. Do you know what proportion of the profits he and Mr. Rockefeller took out of this?

Mr. BURRAGE. I do not.

Mr. UNTERMYER. You do not know how they were divided?

Mr. BURRAGE. No.

Mr. UNTERMYER. Just look at this [indicating papers]. Is this the offer for public subscription, taking those two papers together?

Mr. BURRAGE. Yes, sir; I think so.

Mr. UNTERMYER. Did you prepare that?

Mr. BURRAGE. I can not tell now. I might have.

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

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. I will read it into the record. One of these is from the Philadelphia Record, another from the Providence Journal, another from the Chicago Record-Herald, another from the Daily Inter Ocean of Chicago, another from the Daily Evening Telegraph of Philadelphia, the Philadelphia Inquirer, Detroit Journal, Baltimore Herald, Chicago Record, Rochester Spy, the Baltimore News, Portland Press, Chicago News, Philadelphia Record, Detroit Free Press, Baltimore American, Springfield Union, Evening Bulletin of Providence, the Hartford Daily Review, and so on; and the New York papers and other papers, all similar.

Amalgamated Copper Co. Capital, \$75,000,000.

This company is organized under the laws of the State of New Jersey for the purpose of purchasing and operating copper-producing properties. Its capital is \$75,000,000, divided into 750,000 shares of common stock of a par value of \$100 each. It has no bonds or mortgage debts. This company has already purchased large interests in Anaconda Copper Co., Parrot Silver & Copper Co., Washoe Copper Co., Colorado Smelting and Mining Co., and other companies and properties.

(Signed)

MARCUS DALY, *President.*

H. H. ROGERS, *Vice President.*

WILLIAM G. ROCKEFELLER,
Secretary and Treasurer.

NEW YORK, April 28, 1899.

OFFER FOR PUBLIC SUBSCRIPTIONS.

Referring to the foregoing statement of the Amalgamated Copper Co., of New Jersey, notice is hereby given that offers for subscriptions to 750,000 shares of a par value of \$100 each of the stock of the said copper company will be received at the National City Bank of New York until 12 o'clock noon, Thursday, May 4, 1899, at the rate of \$100 per share. Subscriptions must be addressed to the City Bank of New York, and accompanied by a certified check to its order for 5 per cent of the amount of such subscription, the balance to be payable 10 days after notice of allotment.

Temporary and negotiable receipts on payment of sums due on allotment will be issued, exchangeable for certificates of stock as soon as same can be engraved.

In case of over subscription, allotment will be made pro rata. The right is reserved however, to reject any subscription.

NEW YORK, April 28, 1899.

NATIONAL CITY BANK OF NEW YORK,
52 Wall Street, New York.

JAMES STILLMAN, *President.*

Was this offer of subscriptions published throughout the United States in the daily papers?

Mr. BURRAGE. I do not know how widely it was published; quite widely.

Mr. UNTERMYER. Did you not have anything to do with the publication of it?

Mr. BURRAGE. Not that I recall.

Mr. UNTERMYER. You did not know anything about it?

Mr. BURRAGE. I very likely did know about it, but I do not recall the circumstances.

Mr. UNTERMYER. Were you concerned in the selection of the papers which it was to be published?

Mr. BURRAGE. I do not think so.

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

Mr. BURRAGE. I should say not.

Mr. UNTERMEYER. Who gave out the list of newspapers scattered all over the country in which this subscription offer was to be advertised?

Mr. BURRAGE. I have not the slightest idea.

Mr. UNTERMEYER. Did that notice contain the only information to intending subscribers as to what they were subscribing for?

Mr. BURRAGE. I should think so; I do not recall any other.

Mr. UNTERMEYER. Sort of a blind pool, was it not?

Mr. BURRAGE. You can call it what you like. I do not know.

Mr. UNTERMEYER. What would you call it?

Mr. BURRAGE. An offer for public subscription.

Mr. UNTERMEYER. Would you call it an offer for public subscription in a property about which people were not informed as to its merits or what it consisted of?

Mr. BURRAGE. You might call it a blind pool.

Mr. UNTERMEYER. Yes. It was fairly a blind pool, was it not?

Mr. BURRAGE. Oh, fairly so; yes.

Mr. UNTERMEYER. And the public came in in shoals, did they not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMEYER. Did they not?

Mr. BURRAGE. What was your question?

Mr. UNTERMEYER. I say the public came in in shoals.

Mr. BURRAGE. Yes; that is fair.

Mr. UNTERMEYER. What was the attraction to the public? Was it the names of the men?

Mr. BURRAGE. Not necessarily that. It was——

Mr. UNTERMEYER. What else did they have to go on except the names of the men?

Mr. BURRAGE. The state of the industry, and the possibilities of there being a large undertaking coming out of it.

Mr. UNTERMEYER. What was there in the notice to advise the public of the state of the industry?

Mr. BURRAGE. Nothing in that notice.

Mr. UNTERMEYER. Is it not the fact that it was the names of the men that attracted subscriptions, and the glamor surrounding their names?

Mr. BURRAGE. I think so; very largely.

Mr. UNTERMEYER. Now, were you present when the subscriptions came in, in New York?

Mr. BURRAGE. I was in New York City; yes, sir.

Mr. UNTERMEYER. Were you at 26 Broadway?

Mr. BURRAGE. Undoubtedly, a good deal of the time

Mr. UNTERMEYER. 26 Broadway is the home——

Mr. BURRAGE. It was the office of Mr. Rogers and Mr. Rockefeller; they were both there.

Mr. UNTERMEYER. And it was the home of the Amalgamated at that time; that is, it was where all of its business was being done prior to the organization of the permanent board?

Mr. BURRAGE. It had no place, but that was the only place, practically, where anything connected with it was done; yes, sir.

Mr. UNTERMEYER. Do you remember the occasion of the allotment of these subscriptions that came in?

Mr. BURRAGE. I do not know as I understand just what you refer to.

Mr. UNTERMYER. You know what an allotment of subscriptions is do you not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Were you present when these subscriptions were received and opened and acted upon?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Do you know whether the insiders, including yourself, after the allotment had come in, themselves put subscriptions in?

Mr. BURRAGE. That I do not know. I know I did not.

Mr. UNTERMYER. You do not know how much in the way of subscriptions was put in by Mr. Rogers or Mr. Rockefeller?

Mr. BURRAGE. I do not.

Mr. UNTERMYER. You can tell us nothing about it?

Mr. BURRAGE. I never knew.

Mr. UNTERMYER. Did you know whether they put in subscriptions for something like \$200,000,000 of this stock?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. Do you know whether they did or not?

Mr. BURRAGE. I certainly do not know.

Mr. UNTERMYER. Well, the stock was driven to a big premium, was it not?

Mr. BURRAGE. I do not know that it was driven to a premium, but it was immediately at a premium.

Mr. UNTERMYER. How big a premium?

Mr. BURRAGE. I should say \$15 or \$20.

Mr. UNTERMYER. That is, before the allotment was made, were the \$100 shares selling at \$120?

Mr. BURRAGE. Very shortly, I think \$115 or \$120. I do not recall the figures.

Mr. UNTERMYER. The public who subscribed got how much by way of an allotment on their subscriptions?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. It was 20 per cent, was it not?

Mr. BURRAGE. Now that you state it, I think so.

Mr. UNTERMYER. That was on the basis, was it not, of \$375,000,000 having been, in fact, subscribed—that is, five times the amount?

Mr. BURRAGE. \$75,000,000 would be 20 per cent of the \$375,000,000.

Mr. UNTERMYER. Can you tell us how much of that \$375,000,000 of subscriptions was put in among the subscriptions by the insiders?

Mr. BURRAGE. No, sir; I do not know.

Mr. UNTERMYER. Who had charge of the marketing end of Amalgamated at that time?

Mr. BURRAGE. Nobody that I know of.

Mr. UNTERMYER. Did not Mr. James R. Keene have charge of it?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who did?

Mr. BURRAGE. Nobody that I know of.

Mr. UNTERMYER. Do you know whether anybody did or not?

Mr. BURRAGE. I should say absolutely not.

Mr. UNTERMYER. How do you know? I understood you did not know anything about that part of the business.

Mr. BURRAGE. I think I would have known, and I have no recollection of anybody having anything of the sort; in fact, I am very positive that there was nothing of the sort.

Mr. UNTERMYER. You know on a subsequent occasion Mr. Keene did take charge of the market?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What year was that?

Mr. BURRAGE. Oh, a year or two later.

Mr. UNTERMYER. Was that incidental to the increase of the stock?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who put him in charge of the market?

Mr. BURRAGE. I think I had as much to do with it as anybody; I had some interviews with him.

Mr. UNTERMYER. By whose direction?

Mr. BURRAGE. By my own direction, but with the approval of Mr. Rogers.

Mr. UNTERMYER. And Mr. Rockefeller?

Mr. BURRAGE. I do not know that I ever had any talk with Mr. Rockefeller in regard to it. I do not know that he knew of it at the time.

Mr. UNTERMYER. Can you fix the time when you put the market operations of Amalgamated in Mr. Keene's charge?

Mr. BURRAGE. I should say quite a year or so; perhaps two years.

Mr. UNTERMYER. That would be about the middle of 1900, would it not?

Mr. BURRAGE. Somewhere around there; yes, sir.

Mr. UNTERMYER. How long did Mr. Keene have charge of the market operations in Amalgamated?

Mr. BURRAGE. A few weeks.

Mr. UNTERMYER. That was a single operation, was it?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Thereafter, was he again put in charge of the operations?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. In 1901 was he put in charge?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. Do you know whether he was or not?

Mr. BURRAGE. I should say not.

Mr. UNTERMYER. Were you not interested in the 1901 operation?

Mr. BURRAGE. I do not know what operation you refer to.

Mr. UNTERMYER. Was there more than one in 1901?

Mr. BURRAGE. I do not know what you refer to.

Mr. UNTERMYER. I refer to the time when the capital was increased from \$75,000,000 to \$155,000,000 and the Butte and Boston mines and the Boston and Montana mines were taken into the company. Do you remember that?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What year was that?

Mr. BURRAGE. I should say 1901.

Mr. UNTERMYER. What time in 1901, would you say?

Mr. BURRAGE. In the early part; in the winter.

Mr. UNTERMYER. And preceding that operation, had you and your associates been accumulating Butte and Boston and Montana stock?

Mr. BURRAGE. I had not; I do not know as to my associates.

Mr. UNTERMYER. Had stock been accumulated for your joint benefit and account?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you have no interest in that operation?

Mr. BURRAGE. I was a director of Amalgamated, and as such, had an interest——

Mr. UNTERMYER. Oh, no——

Mr. BURRAGE. Won't you be kind enough to put your question more specifically, and then I will answer a little easier.

Mr. UNTERMYER. Well, I think you know, Mr. Burrage, what I mean. Did you have any Butte & Boston stock?

Mr. BURRAGE. Yes, sir; I had had it since 1898.

Mr. UNTERMYER. Did you have any? You had some in 1901, did you not?

Mr. BURRAGE. In the early part of 1901.

Mr. UNTERMYER. Yes. It went into the company, did it not?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Never got into the company?

Mr. BURRAGE. I never sold a share of Butte & Boston, or had it transferred to the Amalgamated Co. in any way whatever.

Mr. UNTERMYER. To whom did you sell your stock?

Mr. BURRAGE. In the open market.

Mr. UNTERMYER. In 1901?

Mr. BURRAGE. In the very early part of 1901.

Mr. UNTERMYER. How about Boston & Montana?

Mr. BURRAGE. I did not have a share.

Mr. UNTERMYER. Now, then, the Butte & Boston, you had been accumulating, had you not?

Mr. BURRAGE. No, sir; I had had it from 1898.

Mr. UNTERMYER. Did Mr. Lawson and you have any joint interest in Butte & Boston stock?

Mr. BURRAGE. In 1901? No, sir.

Mr. UNTERMYER. No; at any time?

Mr. BURRAGE. In 1898 a large number of shares of Butte & Boston were bought by Mr. Rogers and divided up.

Mr. UNTERMYER. With Mr. Lawson?

Mr. BURRAGE. He had his own. I do not think they were divided with Mr. Lawson.

Mr. UNTERMYER. What was Mr. Lawson's connection with this Amalgamated transaction?

Mr. BURRAGE. He was very friendly to it, and wanted it organized, and wanted it for the special purpose of making a big corporation for the Butte district, which would ultimately take in the Butte & Boston.

Mr. UNTERMYER. The question is, what was his pecuniary interest?

Mr. BURRAGE. I do not know how to answer it, any more than I have.

Mr. UNTERMYER. While these stocks were being accumulated, that went into the first division of Amalgamated on the \$75,000,000 issue, were there also Butte & Boston stocks being accumulated?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Not during that time at all?

Mr. BURRAGE. Not that I recall.

Mr. UNTERMYER. You did not accumulate any during that time?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. I thought you said you accumulated Butte & Boston stocks in 1898?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Was not that while these other stocks were being accumulated?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you not say these stocks were being accumulated for about a year before the Amalgamated was formed?

Mr. BURRAGE. I did not.

Mr. UNTERMYER. How long before the Amalgamated was formed were they being accumulated?

Mr. BURRAGE. A very short time.

Mr. UNTERMYER. About how long?

Mr. BURRAGE. I think a few weeks.

Mr. UNTERMYER. A few weeks?

Mr. BURRAGE. Yes, sir; the Butte & Boston shares were accumulated immediately after my first visit to Butte, in June, 1898, and within a few weeks after that.

Mr. UNTERMYER. You mean the Butte & Boston?

Mr. BURRAGE. The Butte & Boston.

Mr. UNTERMYER. Did you make that visit alone?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Was Mr. Rogers interested with you in that purchase?

Mr. BURRAGE. Of the Butte & Boston?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. He bought the shares. I did not buy them.

Mr. UNTERMYER. He bought them for joint account?

Mr. BURRAGE. For an account which was afterwards distributed—no, there was no arrangement for a joint account.

Mr. UNTERMYER. What interest had you in the purchases of Butte & Boston that were made by you when you visited out there in 1898?

Mr. BURRAGE. I did not make any purchases of Butte & Boston. I examined at Mr. Roger's request and Mr. Lawson's request, sent to me by telegraph at San Francisco, the Butte & Boston property in Butte.

Mr. UNTERMYER. Were you a mining engineer?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Had you had any previous experience in mining?

Mr. BURRAGE. Only such as I have related; a very slight one at Lake Superior.

Mr. UNTERMYER. Having a slight interest in a copper mine, what was it you examined out there at the request of Mr. Rogers and Mr. Lawson?

Mr. BURRAGE. After the Butte & Boston mine?

Mr. UNTERMYER. No, before the Butte & Boston?

Mr. BURRAGE. That was the first.

Mr. UNTERMYER. What did you examine?

Mr. BURRAGE. The physical property.

Mr. UNTERMYER. Did you have an expert with you?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You examined it yourself?

Mr. BURRAGE. I did.

Mr. UNTERMYER. Had you ever been in a copper mine before?

Mr. BURRAGE. Only the Lake Superior mine.

Mr. UNTERMYER. Had you been there?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. How often had you ever been in a copper mine?

Mr. BURRAGE. Only two or three times.

Mr. UNTERMYER. You mean down the shaft two or three times?

Mr. BURRAGE. Yes, sir. Two or three visits at Lake Superior.

Mr. UNTERMYER. So that with that experience you proceeded to examine this copper mine, did you?

Mr. BURRAGE. Yes, sir; not as an expert.

Mr. UNTERMYER. In what capacity did you proceed to examine it?

Mr. BURRAGE. To see whether I thought it was a good mine to justify a loan on Butte & Boston shares.

Mr. UNTERMYER. Did not that assume some knowledge of mining?

Mr. BURRAGE. It may have. It probably would to you.

Mr. UNTERMYER. Did it not to you?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Having examined the property you reported favorably on it, did you?

Mr. BURRAGE. Partially.

Mr. UNTERMYER. Partially favorable?

Mr. BURRAGE. Not very.

Mr. UNTERMYER. How long did you take to make this examination?

Mr. BURRAGE. Several days.

Mr. UNTERMYER. Without any expert?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Going down the different shafts?

Mr. BURRAGE. Going down different shafts, looking at the smelter, and studying the whole situation.

Mr. UNTERMYER. What do you mean by the situation?

Mr. BURRAGE. I mean to say that I saw there that the hill at Butte consisted of a large deposit of copper, many veins, many mines, and that there was a great opportunity for amalgamating those properties into one large concern.

Mr. UNTERMYER. Then your purpose in visiting Butte in 1898, when you bought these Butte & Boston shares for the account of Mr. Rogers and Mr. Lawson and yourself was to take in a comprehensive scheme for all those copper mines?

Mr. BURRAGE. No, sir. The idea of the formation of such a company came to me while I was there on the ground. I went there primarily to get some idea of the value of the Butte & Boston only.

Mr. UNTERMYER. At anybody's suggestion?

Mr. BURRAGE. The suggestion of Mr. Rogers and Mr. Lawson. It had no reference to any other property.

Mr. UNTERMYER. Had you talked the subject over with Mr. Lawson?

Mr. BURRAGE. No, sir; I had been in California for six months.

Mr. UNTERMYER. This was a suggestion conveyed by telegraph?

Mr. BURRAGE. Asking me to go there to look into that property.

Mr. UNTERMYER. Was that the occasion on which these Butte & Boston shares were purchased?

Mr. BURRAGE. No, sir; Mr. Lawson already had a large number of Butte & Boston shares.

Mr. UNTERMYER. Did you take any interest in those?

Mr. BURRAGE. No, sir; I never had.

Mr. UNTERMYER. But he had an interest in those, had he?

Mr. BURRAGE. I did not have any at that time.

Mr. UNTERMYER. When you acquired it, you and Mr. Rogers, he had an interest in that, had he not?

Mr. BURRAGE. I do not know that he did.

Mr. UNTERMYER. Do you know whether—

Mr. BURRAGE (interposing). I think he simply held on to his own shares, and what Mr. Rogers accumulated afterwards was distributed among others. I am not sure that Mr. Lawson had any shares. In fact, I do not think he did.

Mr. UNTERMYER. You are not sure that he had any interest in the shares that you bought?

Mr. BURRAGE. I am not sure. I think not.

Mr. UNTERMYER. Did you also buy Boston & Montana shares?

Mr. BURRAGE. No, sir; not at that time.

Mr. UNTERMYER. When were they bought?

Mr. BURRAGE. I can not recall the date, but I should think that it was a year or more—there were some Boston & Montana shares taken over or bought at the time of a local disturbance in Boston.

Mr. UNTERMYER. By local disturbance you mean the failure of the Globe Bank?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What year was that?

Mr. BURRAGE. I do not recall. I should think it was a year or so after that.

Mr. UNTERMYER. The Globe Bank held a large amount of Boston & Montana stock, did it not?

Mr. BURRAGE. I do not recall that.

Mr. UNTERMYER. Do you not know whose stock it was?

Mr. BURRAGE. I think it was shares held by Albert S. Bigelow and associates of his.

Mr. UNTERMYER. Yes.

Mr. BURRAGE. I do not think it was with the Globe Bank.

Mr. UNTERMYER. The Globe Bank was a national bank, was it not?

Mr. BURRAGE. It was a national bank. I do not think it held those shares, though.

Mr. UNTERMYER. Just before the Globe Bank broke with those shares, do you remember advertisements issued by Mr. Lawson, side by side, of Butte & Boston and Boston & Montana?

Mr. BURRAGE. I remember there was quite an advertising campaign; yes, sir.

Mr. UNTERMYER. Who conducted it?

Mr. BURRAGE. Mr. Lawson.

Mr. UNTERMYER. It was a bull campaign on Butte & Boston and a bear campaign on Boston & Montana, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What was the result on those two stocks?

Mr. BURRAGE. Nothing that I know of.

Mr. UNTERMYER. Do you not know that the Butte & Boston went up and the Boston & Montana went down?

Mr. BURRAGE. I do not think Boston & Montana did go down. I think it was supported in the market by Mr. Bigelow and his associates, and never did go down.

Mr. UNTERMYER. Did not Boston & Montana go down to \$203 a share ?

Mr. BURRAGE. My recollection had been that that was about the highest price it had sold at.

Mr. UNTERMYER. When the Globe Bank failed, what did it go down to ?

Mr. BURRAGE. That was not the time of the Globe Bank failure, I think.

Mr. UNTERMYER. This bear campaign against the Boston & Montana, side by side, with the bull campaign for Butte & Boston—was not that before the Globe Bank failed ?

Mr. BURRAGE. Oh, I think so.

Mr. UNTERMYER. Yes. How long before ?

Mr. BURRAGE. My recollection would be that it was some time, and had nothing to do with it.

Mr. UNTERMYER. Let us see about that.

Mr. BURRAGE. That is my recollection.

Mr. UNTERMYER. How many weeks before the Globe Bank failed was this bear campaign ?

Mr. BURRAGE. I have no recollection. I should have said some time, until you indicated that it was a short time.

Mr. UNTERMYER. That is still indefinite, Mr. Burrage. Can you give us any idea whether it was two weeks or three weeks ?

Mr. BURRAGE. I have not the slightest recollection.

Mr. UNTERMYER. These advertisements bulling Butte & Boston and bearing Boston & Montana—were they not on the basis of the claim that the Butte & Boston really owned a large part of the Boston & Montana properties, that the Boston & Montana did not own them at all ?

Mr. BURRAGE. They may have been. I do not know.

Mr. UNTERMYER. Butte & Boston had been selling for about \$2 a share, had it not ?

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

Mr. UNTERMYER. Had it not, at times, sold for \$2 a share ?

Mr. BURRAGE. In times past, yes, but not at that time.

Mr. UNTERMYER. When you bought it, was it not sold at \$2 a share ?

Mr. BURRAGE. No, sir; many times that.

Mr. UNTERMYER. How many times that, in 1898 ?

Mr. BURRAGE. I do not know. I should say —

Mr. UNTERMYER. In 1898, I say.

Mr. BURRAGE. Around \$40 or \$50 a share.

Mr. UNTERMYER. Your impression is that Butte & Boston was selling around \$40 a share in 1898 ?

Mr. BURRAGE. Yes, sir. It may have been a little after that.

Mr. UNTERMYER. Was it not very much after that ? Was it not very much after you all went in and bought at around \$2 a share for years ?

Mr. BURRAGE. That is not my recollection.

Mr. UNTERMYER. Was it not reorganized on the basis of \$2 a share ?

Mr. BURRAGE. That I do not know.

Mr. UNTERMYER. Do you not know that the Davis estate parted with one-half the stock, 90,000 shares out of 200,000 shares, under the order of the court in Boston, at \$2 a share ?

Mr. BURRAGE. No, sir; I have no recollection.

Mr. UNTERMYER. You do not remember?

Mr. BURRAGE. I remember that the Davis estate was interested in various properties. I had nothing to do with it, and I have no recollection of that. I never knew.

Mr. UNTERMYER. Do you not know that the capital stock of the Butte & Boston was 200,000 shares?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. And do you not know that 90,000 of those shares were held by the Davis estate?

Mr. BURRAGE. No, sir; I do not know.

Mr. UNTERMYER. You never heard it?

Mr. BURRAGE. They may have been. If they were, it was long before my time.

Mr. UNTERMYER. Do you not know that the court in Boston directed the sale of those shares, and that they were sold at \$2 a share?

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

Mr. UNTERMYER. Coming back to this advertising campaign. How long did it last?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. Am I right in the statement that it was based on the claim that Butte & Boston owned Boston & Montana property?

Mr. BURRAGE. I do not know that. That may have been one of the items or claims or allegations.

Mr. UNTERMYER. Do you not remember the advertisement?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. Were you not buying stock, at the time, of the Boston & Montana for Mr. Rogers?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did not Mr. Rogers buy a large amount of stock at that time?

Mr. BURRAGE. Not that I know of; no, sir.

Mr. UNTERMYER. How much stock was accumulated by you in Boston & Montana during that campaign and following the bankruptcy of the Globe Bank?

Mr. BURRAGE. I do not recall that a single share was.

Mr. UNTERMYER. Do you not know that when the Globe Bank failed you and your associates acquired 20,000 shares of that stock in two blocks?

Mr. BURRAGE. I do not. I had a recollection that there was some 12,000 shares, but it was after that.

Mr. UNTERMYER. Was not that at the time of the failure of the Globe Bank that that was acquired by Mr. Rogers and Mr. Rockefeller and yourself?

Mr. BURRAGE. I did not acquire any.

Mr. UNTERMYER. Did you have anything to do with the negotiation?

Mr. BURRAGE. No.

Mr. UNTERMYER. You knew of it, did you not?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You never heard of it?

Mr. BURRAGE. I remember there were some shares transferred, but I had no knowledge of and no part in the negotiations.

Mr. UNTERMYER. At what price were those 12,000 shares transferred?

Mr. BURRAGE. I do not recall. I think at the market price.

Mr. UNTERMYER. What was that, after the Globe Bank failed?

Mr. BURRAGE. I should have said over \$200. I do not recall.

Mr. UNTERMYER. Whose shares were they?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. What did this campaign of Mr. Lawson's have to do with the failure of the Globe Bank? Do you know?

Mr. BURRAGE. Nothing, that I know of.

Mr. UNTERMYER. Do you know anything about it?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Do you not know that Mr. Bigelow had large loans there?

Mr. BURRAGE. No sir; I did not think he did.

Mr. UNTERMYER. At the time of the failure of the bank?

Mr. BURRAGE. No sir; I think not.

Mr. UNTERMYER. Did you not know that 10,000 shares of that stock went to Mr. Rogers and Mr. Rockefeller, and to this pool?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. You say there were 12,000 shares bought at 203?

Mr. BURRAGE. I said I had a recollection that there was some 12,000 shares. It may have been 10,000 shares.

Mr. UNTERMYER. When they were put into the Amalgamated those 12,000 shares brought \$520, did they not?

Mr. BURRAGE. I never knew until you spoke that they were put into the Amalgamated.

Mr. UNTERMYER. Did you not know that the Boston and Montana stock was all sold to the Amalgamated?

Mr. BURRAGE. No sir. I know that those shares were sold in the open market, long before the episode you talk about.

Mr. UNTERMYER. Who sold them?

Mr. BURRAGE. I had them sold.

Mr. UNTERMYER. For whose account?

Mr. BURRAGE. For Mr. Rogers and Mr. Rockefeller.

Mr. UNTERMYER. Then you were running their stock end of it?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. Through whom did you have them sold?

Mr. BURRAGE. Through whom?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. That I do not recall.

Mr. UNTERMYER. Was that through Mr. Keene?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. Was it through Mr. Lawson?

Mr. BURRAGE. It may have been, but I should say not.

Mr. UNTERMYER. Can you not give us any idea through whom they were sold? That was a transaction of two or three million dollars, was it not?

Mr. BURRAGE. Yes, sir. I think they were sold over a period of several weeks.

Mr. UNTERMYER. At what price?

Mr. BURRAGE. For very little more than they cost.

Mr. UNTERMYER. At what price?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Do you know who settled for them with Mr. Rogers and Mr. Rockefeller? Did you?

Mr. BURRAGE. Undoubtedly I received the money for them.

Mr. UNTERMYER. From whom?

Mr. BURRAGE (continuing). And transmitted it. No; I may not have done that; they may have been sold, and I am inclined to think that they were sold through Mr. Rogers's broker.

Mr. UNTERMYER. I thought you said you looked after that sale?

Mr. BURRAGE. A certain part of it; yes.

Mr. UNTERMYER. What part of it?

Mr. BURRAGE. As to the amount that should be sold from time to time; as to what we thought the market would take.

Mr. UNTERMYER. You directed how the stock should be sold, did you, for them?

Mr. BURRAGE. I think so, very largely.

Mr. UNTERMYER. You had no interest in it?

Mr. BURRAGE. Ultimately I got a share of the profit; yes, sir.

Mr. UNTERMYER. What proportion?

Mr. BURRAGE. I have not the slightest idea. I do not know that I ever knew.

Mr. UNTERMYER. There are no books on that subject, either?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. No records, no checks, nothing?

Mr. BURRAGE. Not a particle.

Mr. UNTERMYER. And you have no idea of the percentage of profits that you got?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. And you can not tell us the name of the broker through whom you sold it?

Mr. BURRAGE. I think that I directed as to the amount that should be sold. I can not recall whether it was Chase & Barstow or Brown & Riley, or who it was.

Mr. UNTERMYER. Was it done through Brown & Riley?

Mr. BURRAGE. I say I can not recall.

Mr. UNTERMYER. How many shares of Boston & Montana changed hands under your direction through Brown & Riley, of Boston?

Mr. BURRAGE. I say I do not recall.

Mr. UNTERMYER. Were there 50,000 shares at different times?

Mr. BURRAGE. No—substantially—

Mr. UNTERMYER. Were there or not?

Mr. BURRAGE. I think not.

Mr. UNTERMYER. Were there 100,000 shares?

Mr. BURRAGE. I think not. I think it was substantially the amount you specified—12,000 shares.

Mr. UNTERMYER. The stock was bought from time to time for the account of Messrs. Rogers and Rockefeller of this Boston & Montana before the trade was made with Amalgamated?

Mr. BURRAGE. I never knew that a share was bought. I never had anything to do with any buying for them.

Mr. UNTERMYER. You only did the selling?

Mr. BURRAGE. Only the general direction of the selling of that particular lot in which I had an interest.

Mr. UNTERMYER. What about the Butte and Boston shares? Did you have anything to do with the buying and selling of those?

Mr. BURRAGE. No, sir. Undoubtedly, in 1899, I was consulted; yes, as to the buying of them.

Mr. UNTERMYER. The purchases made after 1898——

Mr. BURRAGE (interposing). In regard to the selling of the Butte & Boston shares, I only had to do with the selling of my own shares.

Mr. UNTERMYER. Who looked after the selling of shares that were held in joint account?

Mr. BURRAGE. There were no shares held in joint account at that time, that I know of.

Mr. UNTERMYER. At what time?

Mr. BURRAGE. In 1901, prior to the absorption by the Amalgamated of Butte & Boston and Boston & Montana.

Mr. UNTERMYER. I am referring now to any purchases of shares or sales of shares of Butte & Boston between 1898 and 1901.

Mr. BURRAGE. There were none purchased, that I know of or had any interest in, and I had nothing to do except with the selling of my own shares in the winter and spring of 1901. That had nothing to do with anybody else.

Mr. UNTERMYER. How long before the Butte & Boston was taken into the Amalgamated did you sell your own shares?

Mr. BURRAGE. I should say three or four months. I was in California, and the price went up and I sold.

Mr. UNTERMYER. The price went up to where?

Mr. BURRAGE. I should have said \$80 or \$90 a share.

Mr. UNTERMYER. It went up to \$135 a share; did it not?

Mr. BURRAGE. Not until after I had sold, unfortunately.

Mr. UNTERMYER. But it did go up to \$135 a share, did it not?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. And Boston & Montana went up to \$520 a share, did it not?

Mr. BURRAGE. I have forgotten what that went to.

Mr. UNTERMYER. It was over \$500 a share, was it not?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. How many shares of Amalgamated were issued for each share of Boston & Montana?

Mr. BURRAGE. My recollection is that there were four shares for Boston & Montana and one share for Butte & Boston.

Mr. UNTERMYER. How many shares of Butte & Boston for each share of Amalgamated were issued?

Mr. BURRAGE. I think one.

Mr. UNTERMYER. What was the price of Amalgamated?

Mr. BURRAGE. I do not recall. I think it was above par.

Mr. UNTERMYER. It was 130, was it not?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Was it about 130?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. What was the date of that transaction, of the exchange of Butte & Boston and Boston & Montana for Amalgamated stock?

Mr. BURRAGE. I should say late in the spring of 1901.

Mr. UNTERMYER. It appears from the papers in evidence that it was in April, 1901, that the price of Amalgamated was \$130. On that basis, Boston & Montana shares brought \$520, did they not, and Butte & Boston \$130?

Mr. BURRAGE. I think that calculation is correct.

Mr. UNTERMYER. Was there not also a \$5 dividend paid on Butte & Boston at that time, bringing the price up to \$135 a share?

Mr. BURRAGE. I do not recall that there was. There may have been, but I do not recall. I have not the slightest idea.

Mr. UNTERMYER. When those properties were taken over, the capital of Amalgamated was increased to how much?

Mr. BURRAGE. From \$75,000,000 to \$155,000,000.

Mr. UNTERMYER. It was increased \$80,000,000?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. That \$80,000,000 of stock, selling at about \$130 a share, making \$104,000,000?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. That was issued in payment for what?

Mr. BURRAGE. For the shares of the Boston & Montana and the Butte & Boston, if I recall rightly.

Mr. UNTERMYER. That was \$104,000,000 market value?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. At that time who were the directors of the Amalgamated Copper Co.? You were one, were you not?

Mr. BURRAGE. I was one; Mr. William Rockefeller, Mr. H. H. Rogers—I do not recall the others.

Mr. UNTERMYER. Was Mr. Stillman one?

Mr. BURRAGE. I think not. I think he had resigned.

Mr. UNTERMYER. How long before that transaction had he resigned?

Mr. BURRAGE. I do not know. I should say a year or so.

Mr. UNTERMYER. Is it or not the fact that you gentlemen all voted in favor of that purchase?

Mr. BURRAGE. I am quite sure that I did.

Mr. UNTERMYER. You all voted in favor of it?

Mr. BURRAGE. As far as I know.

Mr. UNTERMYER. And you knew, did you not, that as directors you would be personally liable if you voted in favor of the purchase of stocks at a vast profit which you yourselves owned?

Mr. BURRAGE. I beg your pardon, Mr. Untermyer; I object to that insinuation—

Mr. UNTERMYER. Did you not know that?

Mr. BURRAGE. I had no shares, and there was no profit—

Mr. UNTERMYER. Did you not know that you would be liable, if you did such a thing?

Mr. BURRAGE. If there was no fraud, and it was open and above-board, I do not know that there would be any liability. As a matter of fact, I know there was no liability on my part.

Mr. UNTERMYER. Let us see about that.

Mr. BURRAGE. I had no interest.

Mr. UNTERMYER. Is it your idea that if you and Messrs. Rogers and Rockefeller owned all that stock, and turned it over to the company, through your vote as directors, that you would not be liable?

Mr. BURRAGE. Mr. Rogers and Mr. Rockefeller did not—

Mr. UNTERMYER (interrupting). I say, is it your idea that you would not be liable?

Mr. BURRAGE. That is a matter of law that I am not called upon to decide.

Mr. UNTERMYER. I thought you just said that if there was no fraud you would not be liable, even if you had owned the stock.

Mr. BURRAGE. I felt, as an individual, that the property was worth very much more than that. I had examined it myself, repeatedly, and although I had no interest in either the Butte & Boston or the Boston & Montana, I was very happy, for Amalgamated's sake, that the purchase was made.

Mr. UNTERMYER. Let us see about that. Do you know who the people were who turned over that stock?

Mr. BURRAGE. I do not. It was the shareholders of those two companies.

Mr. UNTERMYER. Do you know what brokerage houses in Boston turned over that stock?

Mr. BURRAGE. My recollection is that it was Kidder, Peabody & Co., for the Amalgamated.

Mr. UNTERMYER. Yes. Who acted for the people who had the large blocks of stock?

Mr. BURRAGE. I do not know. I was not there. I was in California almost up to the time when the final transaction was made. I knew nothing of it.

Mr. UNTERMYER. Within the period of two years, will you state whether or not the stocks of those companies had increased from a value of approximately \$30,000,000 to a value of approximately \$104,000,000 at the time when the deal was made by which they were turned over to the Amalgamated?

Mr. BURRAGE. I have not made the calculation, but I should think that was quite correct.

Mr. UNTERMYER. That would involve a profit of about \$74,000,000 for somebody, or some bodies, would it not?

Mr. BURRAGE. To the shareholders; yes, sir.

Mr. UNTERMYER. Yes; to the shareholders, whoever they might be.

Mr. BURRAGE. To the shareholders, whoever they might be.

Mr. UNTERMYER. Do you recall the fluctuations in the prices of those stocks from 1899 to the time they were taken into Amalgamated?

Mr. BURRAGE. No, sir; I could not, possibly.

Mr. UNTERMYER. Was it a steady upward rise?

Mr. BURRAGE. I do not recall. I should say not.

Mr. UNTERMYER. Is it your recollection?

Mr. BURRAGE. No; I am quite sure it was not.

Mr. UNTERMYER. Is it your recollection that either of those stocks ever sold, after January, 1900, for as low a price as they sold in April, 1899?

Mr. BURRAGE. I do not recall, but I should think the chances were they did not.

Mr. UNTERMYER. Then there was a steady upward rise?

Mr. BURRAGE. I do not know that that necessarily follows. In the end it was higher than at the start; yes, of course.

Mr. UNTERMYER. They never got back to where they were at the start, did they?

Mr. BURRAGE. No; I do not think they did.

Mr. UNTERMYER. Have you any means of knowing how much Boston & Montana stock Messrs. Rogers and Rockefeller purchased or sold between 1899 and April, 1901? Have you any means of knowing?

Mr. BURRAGE. So far as I know——

Mr. UNTERMYER. Have you any means of knowing?

Mr. BURRAGE. I have not; and so far as I know——

Mr. UNTERMYER. That is all I wanted.

Mr. BURRAGE. So far as I know, they did not.

Mr. UNTERMYER. I thought you said you had no means of knowing?

Mr. BURRAGE. No.

Mr. UNTERMYER. And you do not know?

Mr. BURRAGE. I repeat it. I do not know.

Mr. UNTERMYER. Who is there who would know, who is in existence to-day?

Mr. BURRAGE. I do not know. Mr. William Rockefeller would undoubtedly know whether he purchased any or not.

Mr. UNTERMYER. Who was Mr. Rogers's secretary at that time?

Mr. BURRAGE. Miss Harrison.

Mr. UNTERMYER. Have you seen her lately?

Mr. BURRAGE. I have not seen her for several years, or had any communication with her.

Mr. UNTERMYER. Who was Miss Watson?

Mr. BURRAGE. She was a clerk in Mr. Rogers's office.

Mr. UNTERMYER. Have you seen her lately?

Mr. BURRAGE. I do not think I have seen her since the day Mr. Rogers died, nor Miss Harrison either.

Mr. UNTERMYER. That was when?

Mr. BURRAGE. Several years ago; three or four years ago. I do not recall.

Mr. UNTERMYER. Who is Mr. McIntosh?

Mr. BURRAGE. He was an employee of Mr. William Rockefeller's office. I do not know in what capacity.

Mr. UNTERMYER. Was he his secretary?

Mr. BURRAGE. I do not know. I do not think so.

Mr. UNTERMYER. Who was his secretary?

Mr. BURRAGE. I do not think he ever had any secretary, or anyone that had that title or acted in that capacity.

Mr. UNTERMYER. Did he not keep the books of these copper transactions?

Mr. BURRAGE. He had bookkeepers, undoubtedly, but I do not know who.

Mr. UNTERMYER. Do you not know that he kept the books of these transactions?

Mr. BURRAGE. I do not.

Mr. UNTERMYER. When you bought stock for these gentlemen, did you not turn it in to Mr. William Rockefeller?

Mr. BURRAGE. I do not know that I bought stock for these gentlemen.

Mr. UNTERMYER. You never did buy any of this stock for them?

Mr. BURRAGE. Not directly.

Mr. UNTERMYER. From whom did you buy it?

Mr. BURRAGE. I do not know that I bought any, or ever gave any orders to buy any. I think they were taken directly by Mr. Rogers.

Mr. UNTERMYER. Through what brokers?

Mr. BURRAGE. Very likely through Chase & Barstow or Brown & Riley. Maybe others.

Mr. UNTERMYER. Or Kidder, Peabody & Co.?

Mr. BURRAGE. Not that I know of. I never had any transaction with Kidder, Peabody & Co.

Mr. UNTERMYER. What other brokers?

Mr. BURRAGE (continuing). Either for them or myself.

Mr. UNTERMYER. What other men did you have transactions with in connection with those stocks?

Mr. BURRAGE. I do not recall any.

Mr. UNTERMYER. Only those two?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. What interest had you in these Butte & Boston purchases, and Boston & Montana purchases?

Mr. BURRAGE. In 1901?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. None; not a dollar.

Mr. UNTERMYER. What interest had you prior to the time they were turned over to the company?

Mr. BURRAGE. None. I have told you that all my interest, all my shares, in Butte & Boston and Boston & Montana were sold in the open market a long time before that transaction, and before I ever heard of it.

Mr. UNTERMYER. You heard of it all along, did you not? That is what you and your associates were planning for—that entire amalgamation, was it not?

Mr. BURRAGE. That was my hope in the beginning. In fact, I abandoned that.

Mr. UNTERMYER. When was that abandoned?

Mr. BURRAGE. Shortly after Amalgamated was——

Mr. UNTERMYER (interposing). In 1899?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. When was it taken up again?

Mr. BURRAGE. It seems to have been in the spring of 1901. I had nothing to do with it and knew nothing of it.

Mr. UNTERMYER. In the meantime you and your associates had been acquiring stock in these companies?

Mr. BURRAGE. I beg your pardon. I have already testified two or three times that I did not.

Mr. UNTERMYER. Did you not tell us that you had an interest in these purchases?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you not say that you had a part of the profits in Boston & Montana, but could not remember the amount?

Mr. BURRAGE. Only in that specific purchase, at one time, in one transaction, to help out the market in Boston; and it was closed out as soon as there was a fair profit. Those shares were not held——

Mr. UNTERMYER. You do not remember how much your proportion of the profits was?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. How much Messrs. Rogers and Rockefeller made out of that transaction you do not know?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You have no idea?

Mr. BURRAGE. No idea. I may have known at the time, but I do not think so. I have no recollection now.

Mr. UNTERMYER. There was no market operation in Boston & Montana during this time—between 1899 and 1901, was there?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. None whatever?

Mr. BURRAGE. Not so far as I knew.

Mr. UNTERMYER. Will you tell us how the stock managed to climb from \$203 to \$520?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. How did it climb?

Mr. BURRAGE. By the showing up of the enormous value of the properties and the very large earnings and dividends.

Mr. UNTERMYER. Who showed that up?

Mr. BURRAGE. The development of the mine itself.

Mr. UNTERMYER. How did Butte & Boston happen to climb to \$130 a share?

Mr. BURRAGE. Because that also was better.

Mr. UNTERMYER. That also showed up?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. Had it ever paid a dividend?

Mr. BURRAGE. It paid one.

Mr. UNTERMYER. Had it ever paid one until it was taken over?

Mr. BURRAGE. Until I sold my shares, no, sir.

Mr. UNTERMYER. And up to the time it was taken into the Amalgamated had it ever paid a dividend?

Mr. BURRAGE. I think you are wrong in that; I think it had.

Mr. UNTERMYER. When?

Mr. BURRAGE. In the winter.

Mr. UNTERMYER. Did it not pay that dividend at the time it was taken in?

Mr. BURRAGE. I should say not.

Mr. UNTERMYER. Had it ever paid any before?

Mr. BURRAGE. I should say that it was in the fall of 1900. My recollection is not clear. The record would show.

Mr. UNTERMYER. Had it ever paid any other dividend?

Mr. BURRAGE. Not that I recall.

Mr. UNTERMYER. And it was selling at \$130 a share when it was taken over?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. Now, with respect to this subpoena. The subpoena asks, under No. 2, for a statement of account of transactions and all books containing entries with respect to all transactions in which you were interested with Mr. H. H. Rogers, now deceased, Mr. William Rockefeller, and Mr. Thomas W. Lawson, or with any of them connected with the acquisition of the properties and securities above mentioned, or with the organization of the Amalgamated Copper Co., or the issue and sale of its securities. Have you any such statements?

Mr. BURRAGE. I never had any. I have none now, and I never had any.

Mr. UNTERMYER. You never took any statement whatever of any transaction?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You never saw one?

Mr. BURRAGE. No sir; not that I recall.

Mr. UNTERMYER. There are included in the subpoena five different calls for documents. With respect to all those calls, do you say that you have not and have never had any of the books, papers, or documents there referred to?

Mr. BURRAGE. I have gone over that list carefully, and I am unable to find any documents, or any letters, or any accounts, or any paper of that sort as called for.

Mr. UNTERMYER. Let us take No. 5:

Any and all books of account, check books, stub check books, canceled or other checks or vouchers, agreements or other papers or copies thereof, containing evidence of transactions between the years 1898 and 1902, connected with the purchase by you, either alone or jointly with others, of shares of stock in the Butte & Boston Mining Co. or the Boston & Montana Copper Mining Co., or connected with the sale of any of said shares of stock by you, either alone or jointly with others, or directly or indirectly to the Amalgamated Copper Co.

You have not even a stub check? You have none of those papers?

Mr. BURRAGE. I never had any such, directly or indirectly, of either the Boston & Montana or the Butte & Boston, and I never had a book of account or accounts of money. I never had any of that information rendered to me by other people connected with those things.

Mr. UNTERMYER. Let us see about that. You say you had Butte & Boston stock in 1898?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And when do you say you sold it?

Mr. BURRAGE. In the winter—in the early spring of 1901.

Mr. UNTERMYER. What do you call the early spring?

Mr. BURRAGE. I fix it in this way: I went to California in January—

Mr. UNTERMYER (interposing). What do you call the early spring?

Mr. BURRAGE. February or March.

Mr. UNTERMYER. Or April?

Mr. BURRAGE. Or April.

Mr. UNTERMYER. April, 1901, was the time when the Butte & Boston was turned over to the Amalgamated, was it not?

Mr. BURRAGE. I should have said later.

Mr. UNTERMYER. Was it not?

Mr. BURRAGE. I should say not; no. I should say it was later.

Mr. UNTERMYER. Are you sure it was later?

Mr. BURRAGE. Quite sure. I am not positive. Perhaps you can refresh my recollection.

Mr. UNTERMYER. The stock was \$128 in April. Does that refresh your recollection?

Mr. BURRAGE. Not a particle.

Mr. UNTERMYER. In March it had been \$103, the highest. In February it had been \$95. Does that refresh your recollection as to when the property was turned over to the Amalgamated?

Mr. BURRAGE. No, sir. It must have been, I should say from that, subsequent to that high price. I sold out at less than 95.

Mr. UNTERMYER. This is Amalgamated that we are speaking of, at 95.

Mr. BURRAGE. I beg your pardon.

Mr. UNTERMYER. Through whom did you sell this Butte & Boston stock?

Mr. BURRAGE. Through whom?

Mr. UNTERMYER. Yes. Through what brokers?

Mr. BURRAGE. I do not know. I was in California.

Mr. UNTERMYER. You were in California when you sold it, were you?

Mr. BURRAGE. When I had it sold, yes.

Mr. UNTERMYER. And you do not know to whom you sent the order?

Mr. BURRAGE. I should think it was one of those firms—Chase & Barstow or Brown & Riley.

Mr. UNTERMYER. They are still in existence, are they not?

Mr. BURRAGE. Chase & Barstow are still in existence.

Mr. UNTERMYER. How about Brown & Riley?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Were you paid for the stock?

Mr. BURRAGE. Undoubtedly.

Mr. UNTERMYER. By check?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. Would not your check book show anything?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. It would give no idea?

Mr. BURRAGE. I have nothing of those dates.

Mr. UNTERMYER. You mean you do not keep any check book?

Mr. BURRAGE. I keep a check book; yes.

Mr. UNTERMYER. But you have not the check books back to that time?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Nor your canceled checks?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Nor anything that would enable us to see how soon before this Butte & Boston stock was turned over to the Amalgamated at \$135 you parted with yours? You have nothing to show that?

Mr. BURRAGE. No, sir; I should say several weeks.

Mr. UNTERMYER. But you have nothing to show it, have you?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Nor to whom it was turned over? You have nothing to show that?

Mr. BURRAGE. No, sir. It was sold in the open market through a broker.

Mr. UNTERMYER. How do you know it was sold in the open market if you were in California?

Mr. BURRAGE. Because I have a distinct recollection of my disappointment when it went to a very much higher price and was turned into Amalgamated at a very much greater profit than I had.

Mr. UNTERMYER. That tells you that it was sold in the open market and not in a block to some one person, does it?

Mr. BURRAGE. Yes; absolutely.

Mr. UNTERMYER. How do you know it was not sold in a block?

Mr. BURRAGE. Because I recall that it was sold from day to day for some period of time.

Mr. UNTERMYER. Did you get the reports from day to day?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Over quite a period of time.

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. But you can not tell us the names of the brokers?

Mr. BURRAGE. I have told you I thought it was probably through Brown & Riley and Chase & Barstow.

Mr. UNTERMYER. Brown & Riley are out of business?

Mr. BURRAGE. Yes, sir; they are both living.

Mr. UNTERMYER. Did you not get statements of account?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Have you any of those?

Mr. BURRAGE. No, sir; I have nothing prior to 1904.

Mr. UNTERMYER. Have you any sort of settlement sheets or settlement statements or accounts with Messrs. Rogers and Rockefeller?

Mr. BURRAGE. Not an atom.

Mr. UNTERMYER. Not a scrap?

Mr. BURRAGE. Not a scrap.

Mr. UNTERMYER. Did you destroy them?

Mr. BURRAGE. I destroyed, or had destroyed, all my correspondence in 1904.

Mr. UNTERMYER. And all your statements of account?

Mr. BURRAGE. Everything concerning Mr. Rogers in connection with the matter.

Mr. UNTERMYER. Knowing there was a lawsuit on between them, you destroyed your papers?

Mr. BURRAGE. I beg pardon. I did not say there was a lawsuit on between them.

Mr. UNTERMYER. There was one imminent, was there not?

Mr. BURRAGE. I do not think there ever was such a lawsuit on between them.

Mr. UNTERMYER. There was a row over the profits, was there not?

Mr. BURRAGE. No; the row came over an entirely different matter, growing out of Boston Gas, and had nothing to do with profits, that I know of.

Mr. UNTERMYER. Did not you know there was a row on between Mr. Lawson and Mr. Rogers over the profits of Amalgamated?

Mr. BURRAGE. No.

Mr. UNTERMYER. You never heard that Mr. Lawson claimed there were some millions he had not received?

Mr. BURRAGE. That is absolute news to me, Mr. Untermyer.

Mr. UNTERMYER. You and Mr. Lawson are good friends, are you not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And you are together a great deal and have interests together?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Have you not any interests together?

Mr. BURRAGE. We have one thing together. I want to put it fairly; I am very friendly to Mr. Lawson, and so far as I know he is to me.

Mr. UNTERMYER. You and Mr. Rockefeller have interests together?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You did have for years?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. You are still a director of Amalgamated?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Now, about this operation of Mr. Keene. You say you arranged that yourself?

Mr. BURRAGE. The operation of what?

Mr. UNTERMYER. The stock operation conducted by Mr. Keene in the market.

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. In 1900, did you say it was?

Mr. BURRAGE. About that. I am not certain——

Mr. UNTERMYER. Was there not one in 1901 conducted by Mr. Keene?

Mr. BURRAGE. I do not think so. I do not think I ever heard of it.

Mr. UNTERMYER. What was Mr. Keene employed to do?

Mr. BURRAGE. Practically to dispose of some shares which had been bought to support the market.

Mr. UNTERMYER. Amalgamated shares?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. That had been bought by Messrs. Rogers and Rockefeller?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And yourself?

Mr. BURRAGE. Others; I do not know who were in it. I had a participation.

Mr. UNTERMYER. Was it a large block?

Mr. BURRAGE. I do not recall the amount; yes, quite large.

Mr. UNTERMYER. One hundred thousand shares?

Mr. BURRAGE. I would not think it was as much as that; no.

Mr. UNTERMYER. Was it not over 200,000?

Mr. BURRAGE. No; I do not think so.

Mr. UNTERMYER. Do you recall?

Mr. BURRAGE. I should have said somewhere around half that, but I do not recall.

Mr. UNTERMYER. Following Mr. Keene's activities, the market on Amalgamated went down pretty rapidly, did it not?

Mr. BURRAGE. I do not think so.

Mr. UNTERMYER. Did it not?

Mr. BURRAGE. I think not.

Mr. UNTERMYER. Do you know what the result of that operation was?

Mr. BURRAGE. I think——

Mr. UNTERMYER. Do you know?

Mr. BURRAGE. I think the market was higher, Mr. Untermyer.

Mr. UNTERMYER. You think as a result of Mr. Keene's selling 100,000 shares, or thereabouts, the market went up?

Mr. BURRAGE. Yes, sir. I did not say 100,000 shares.

Mr. UNTERMYER. Well, whatever the amount was.

Mr. BURRAGE. As the result of his activities; yes, sir.

Mr. UNTERMYER. The market went up?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Is that the way the market acts when a big block of stock is sold?

Mr. BURRAGE. I think you can tell about that better than I can, Mr. Untermyer.

Mr. UNTERMYER. I want to know from you. I do not know anything about it, and I have never been involved in such transactions. I understand you were engaged in this?

Mr. BURRAGE. Yes, sir; but you are asking me a general question, and I am not familiar with that.

Mr. UNTERMYER. You know nothing about the stock market operations?

Mr. BURRAGE. I would not say I know nothing; I know very little.

Mr. UNTERMYER. Can you fix the time in 1901 when this operation was conducted?

Mr. BURRAGE. What operation?

Mr. UNTERMYER. This operation to which you have referred, in which you employed Mr. Keene?

Mr. BURRAGE. No, sir; I did not say 1901.

Mr. UNTERMYER. 1900?

Mr. BURRAGE. In 1900; I can not fix the time—no.

Mr. UNTERMYER. You can give us no idea of it?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did that operation also involve these gentlemen buying a large amount of Amalgamated after it went down?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Were you not in a pool, or interested in a purchase through Mr. Keene, of a large amount of Amalgamated stock after this operation?

Mr. BURRAGE. I not only was not interested, but I never heard of such a pool.

Mr. UNTERMYER. Do you know the condition of the market in 1900?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. At the time this operation was made through Mr. Keene, was Amalgamated listed?

Mr. BURRAGE. That was at the time it was listed—no, it was not; I beg pardon; it was not listed.

Mr. UNTERMYER. It was listed on the unlisted department, was it not?

Mr. BURRAGE. Perhaps that was it.

Mr. UNTERMYER. Was that not in November, 1900, when it was listed on the unlisted department?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Do you know what it was selling at at that time?

Mr. BURRAGE. I should have said around 80 or 90, but I am not sure.

Mr. UNTERMYER. Did it not go down after that?

Mr. BURRAGE. Yes; a long time after that.

Mr. UNTERMYER. No, no; I mean did it not go down almost immediately?

Mr. BURRAGE. I think not.

Mr. UNTERMYER. Well, the proof here shows, Mr. Burrage, that in November, 1900, the high price of the stock was 99 $\frac{1}{2}$, and in December the high price was 96 $\frac{1}{2}$, and in January, 1901, the high price was 94 $\frac{1}{2}$. Now, does that refresh your recollection?

Mr. BURRAGE. My recollection is——

Mr. UNTERMYER. These are statistics that are in evidence here, and are taken from the records. Now, does that refresh your recollection at all, as to the operation in which you gentlemen were engaged?

Mr. BURRAGE. I am quite sure that the Keene transaction was prior to those figures you have named, of 99 and a fraction.

Mr. UNTERMYER. Well, the transaction was not before the stock was put on the list, was it?

Mr. BURRAGE. I was trying to recall, but I can not remember whether it was simply on the curb or whether it was in the unlisted department.

Mr. UNTERMYER. What happened to the stock, if anything, and who had anything to do, if anybody, with the rise of that stock from 94½ in January, 1901, to 128½ in April, 1901?

Mr. BURRAGE. So far as I know there were no market operations, or no pool or manipulation by anyone.

Mr. UNTERMYER. Do you know anything about that?

Mr. BURRAGE. No, sir. I think it was due to the statistical position of the metal in the market.

Mr. UNTERMYER. The statistical position?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. Let us see. The total outstanding stock of Amalgamated was how many shares?

Mr. BURRAGE. \$75,000,000.

Mr. UNTERMYER. 750,000 shares.

Mr. BURRAGE. Yes sir.

Mr. UNTERMYER. Now, there were 626,024 shares sold in March, 1901—pretty nearly the capital stock—and 1,869,647 shares sold in April, 1901. Do you understand that that was the result of the strategic or statistical condition of the copper market?

Mr. BURRAGE. I think so. So far as I know, it was.

Mr. UNTERMYER. The whole capital of the company twice over could be sold in a month as the result of the statistical position of the copper market, could it?

Mr. BURRAGE. Bought and sold.

Mr. UNTERMYER. No; this is just one side of the transaction, it is not both sides.

Mr. BURRAGE. One share could be bought and sold by many people many times over.

Mr. UNTERMYER. You still think do you, that that was the result purely of the statistical position of copper metal?

Mr. BURRAGE. That is the best of my knowledge and belief. If there was any pool or manipulation by Mr. Keene or anybody else, I never heard of it.

Mr. UNTERMYER. That was just the time when the capital was being increased and this new stock issued, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. You do not know, do you, of any market operations by which the people who got that new stock marketed that stock on the public through Mr. Keene?

Mr. BURRAGE. I certainly do not.

Mr. UNTERMYER. That is all.

The CHAIRMAN. The committee will be in recess until 2 o'clock.

Whereupon, at 12.50 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

The hearing was resumed to the taking of recess.

TESTIMONY OF MR. GEORGE W. PERKINS.

The witness was duly sworn by the chairman.

Mr. UNTERMYER. Where do you reside?

Mr. PERKINS. New York City.

Mr. UNTERMYER. Are you engaged in any occupation at this time?

Mr. PERKINS. I presume I might be called a student.

Mr. UNTERMYER. A student of economics, are you?

Mr. PERKINS. Possibly, spending most of my time testifying before congressional committees might be another occupation.

Mr. UNTERMYER. You were formerly a member of the firm of J. Pierpont Morgan & Co.?

Mr. PERKINS. Yes; up to two years ago.

Mr. UNTERMYER. Will you please state the date of your retirement from the firm?

Mr. PERKINS. January 1, two years ago, January 1, 1911.

Mr. UNTERMYER. When did you become a member of the firm?

Mr. PERKINS. 1902, I believe.

Mr. UNTERMYER. January, 1902?

Mr. PERKINS. No; along in the spring of that year.

Mr. UNTERMYER. Were you then an officer of the New York Life Insurance Co.?

Mr. PERKINS. I was.

Mr. UNTERMYER. In what capacity?

Mr. PERKINS. As a vice president.

Mr. UNTERMYER. You have been connected with the New York Life for how many years? Many years?

Mr. PERKINS. Yes; since boyhood.

Mr. UNTERMYER. When did you cease to be vice president of the New York Life?

Mr. PERKINS. I do not recall the year, but I should say 1907 or thereabouts.

Mr. UNTERMYER. So that during four or five years of your connection with J. P. Morgan & Co. as a partner you were also vice president of the New York Life?

Mr. PERKINS. Vice president, or some other officer. I do not think I was vice president all of that time.

Mr. UNTERMYER. Did you have any specific department of the firm of J. P. Morgan & Co. that was delegated to your care, or did you generally participate in all the business there?

Mr. PERKINS. No; I worked there more in connection with corporation matters.

Mr. UNTERMYER. Well, their matters were almost all corporation matters, were they not?

Mr. PERKINS. No, I would not say so; there were a good many other things; I mean by corporations more nearly industrial concerns, and matters pertaining thereto, and negotiation matters.

Mr. UNTERMYER. You concerned yourself with negotiations, with vendors, incident to the organization of industrial corporations?

Mr. PERKINS. Such as I had to do with.

Mr. UNTERMYER. Were you an officer or director of the United States Steel Corporation upon its organization?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Did you become an officer or director?

Mr. PERKINS. I became a director afterwards.

Mr. UNTERMYER. Do you remember when that was?

Mr. PERKINS. I should say 1902 or 1903.

Mr. UNTERMYER. About how long after the organization of the Steel Corporation did you become associated with it?

Mr. PERKINS. I should say a year and a half, possibly. The Steel Corporation was organized before I entered the firm of J. P. Morgan & Co.

Mr. UNTERMYER. And you had nothing to do with its organization?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Upon entering the firm of J. P. Morgan & Co. what position did you assume in the Steel Corporation?

Mr. PERKINS. None.

Mr. UNTERMYER. How soon after entering the firm did you assume any relation with that corporation?

Mr. PERKINS. Well, I should think a year or such a matter, approximately; I don't know exactly.

Mr. UNTERMYER. What relation did you then assume to the Steel Corporation?

Mr. PERKINS. I became a member of its board of directors.

Mr. UNTERMYER. Did you assume any other relation as a member of its executive or chief committee, known as the finance committee?

Mr. PERKINS. Later I became a member of the finance committee.

Mr. UNTERMYER. Do you remember when that was?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Was it in the year 1903?

Mr. PERKINS. I think it was about that time.

Mr. UNTERMYER. Who was chairman of the committee at that time?

Mr. PERKINS. I do not recall.

Mr. UNTERMYER. Was it Mr. Gary?

Mr. PERKINS. No, sir; I think at that time he was chairman of the board.

Mr. UNTERMYER. Who was Mr. Gary's predecessor in the chairmanship of the finance committee?

Mr. PERKINS. I was.

Mr. UNTERMYER. You became chairman of the finance committee, then, did you?

Mr. PERKINS. I did after I had been on the board a while; after a short time.

Mr. UNTERMYER. When you first went on the board, who was chairman of that committee?

Mr. PERKINS. I do not recall who was chairman of the committee; the records will show; I do not remember just who it was; I do not just happen to recall.

Mr. UNTERMYER. Was the finance committee the executive committee of the company?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Was there an executive committee besides?

Mr. PERKINS. There was; yes.

Mr. UNTERMYER. Did that condition remain, or was that changed?

Mr. PERKINS. No; that was only for perhaps—well, I should say roughly, a couple of years.

Mr. UNTERMYER. And then the finance committee assumed all the powers of the executive committee, did it?

Mr. PERKINS. Well, all except those exercised by the board.

Mr. UNTERMYER. How often did the board meet?

Mr. PERKINS. The board meets monthly.

Mr. UNTERMYER. You are still a director of the company, are you not?

Mr. PERKINS. I am.

Mr. UNTERMYER. You are still a member of the finance committee?

Mr. PERKINS. I am.

Mr. UNTERMYER. You are no longer its chairman?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. When did you resign the chairmanship of that committee?

Mr. PERKINS. Oh, I should think three or four years ago.

Mr. UNTERMYER. Did you have any concern with establishing or organizing the steel company?

Mr. PERKINS. No, sir; you mean the formation of it?

Mr. UNTERMYER. No: I do not mean the formation of it. I mean the practical organization of the business.

Mr. PERKINS. I had, perhaps, something more or less to do with what might be called the organization end of the business.

Mr. UNTERMYER. I mean business organization.

Mr. PERKINS. Yes.

Mr. UNTERMYER. You were concerned in that, were you?

Mr. PERKINS. Yes.

Mr. UNTERMYER. Was that business organization primarily your work?

Mr. PERKINS. Well, I do not know that I would say that. We all talked it over a great deal. It was a matter of considerable study, and of course a great deal of work, and I did my share, perhaps.

Mr. UNTERMYER. Do you know of the steel company at times buying its own stock?

Mr. PERKINS. Do I know of the Steel Co. buying its own stock?

Mr. UNTERMYER. Yes.

Mr. PERKINS. It has bought its own stock for the purpose of our profit-sharing plans with the employees.

Mr. UNTERMYER. Do you know of its buying its own stock for other purposes?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Or selling its own stock for purposes of sustaining the market?

Mr. PERKINS. Never knew of any such transaction.

Mr. UNTERMYER. You know that there were pools in the stock at times?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. You know that there were pools in the stock at times, do you not?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. You knew of no such pools?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Outside the company itself.

Mr. PERKINS. Only as I heard of them in the newspapers.

Mr. UNTERMYER. Well, as you observed the effects of them in the stock market?

Mr. PERKINS. No; I never knew of any pools in steel stock.

Mr. UNTERMYER. You do not know of Mr. Keene's connection?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. With any of these stock pools?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Is it considered a legitimate thing for a company to protect its stock through buying it when it is depressed and too low, and there is no market for it, and selling it again when it assumes a normal position?

Mr. PERKINS. I do not know, of course, about what the general custom of other companies is, but so far as the steel corporation is concerned, I know that never was done.

Mr. UNTERMYER. That is, your understanding is that the stock has been permitted to take its normal course in the market, so far as J. P. Morgan & Co. are concerned?

Mr. PERKINS. Yes.

Mr. UNTERMYER. So far as outside operations or pools in the stock are concerned, on behalf of particular directors, or otherwise, that you know nothing about.

Mr. PERKINS. That is correct.

Mr. UNTERMYER. Would you consider it proper for directors with advance information of the condition of a company to deal in its stock?

Mr. PERKINS. I do not.

Mr. UNTERMYER. Was the steel company the first great corporation of its kind that inaugurated the custom of complete publicity of its affairs?

Mr. PERKINS. So far as I know, it was.

Mr. UNTERMYER. Does such a regulation have the effect of minimizing the speculative possibilities of a stock in the market?

Mr. PERKINS. I believe it does, very decidedly.

Mr. UNTERMYER. And you think it is a wholesome thing that ought to be encouraged and required by law, do you?

Mr. PERKINS. I do.

Mr. UNTERMYER. And you know nothing about, and you have no information you could give the committee with respect to, the basis on which this company was put together?

Mr. PERKINS. The Steel Corporation?

Mr. UNTERMYER. Yes.

Mr. PERKINS. No, sir. That was before my day.

Mr. UNTERMYER. Now, with respect to the Harvester Co., that was more particularly your job, was it not?

Mr. PERKINS. It was.

Mr. UNTERMYER. Do you remember when that was organized?

Mr. PERKINS. Approximately 10 years ago.

Mr. UNTERMYER. That work was done by the firm of J. P. Morgan & Co., was it not, through yourself?

Mr. PERKINS. Yes, sir.

Mr. UNTERMYER. Was the work of organization in your hands?

Mr. PERKINS. Yes.

Mr. UNTERMYER. If I ask you any questions that might entrench upon the pending litigation of the Harvester Co., please say so, Mr. Perkins, and I will withdraw it.

Mr. PERKINS. Perhaps I ought to say, then, in justice to the Harvester Co., that it is in that condition now.

Mr. UNTERMYER. Yes.

Mr. PERKINS. I want, Mr. Counsel and Mr. Chairman, to give this committee all the information I can on the inquiry that you are conducting, but I do think, in view of your remark, that perhaps inquiries about the Harvester Co., especially as I have just testified in that suit, should perhaps be left to the court that is conducting that case.

Mr. UNTERMYER. There is every disposition to avoid asking any questions that may have a bearing upon that suit, Mr. Perkins.

Mr. PERKINS. Well, I am here without counsel, and therefore it would not perhaps be possible for me to say what points would have a legal bearing and what would not.

Mr. UNTERMYER. You became chairman of the finance committee of that company, did you?

Mr. PERKINS. I did; yes, sir.

Mr. UNTERMYER. You are still the chairman of that committee?

Mr. PERKINS. I am.

Mr. UNTERMYER. Were you one of the original voting trustees of the Bankers Trust Co.?

Mr. PERKINS. I was.

Mr. UNTERMYER. And who were your associates, if you remember?

Mr. PERKINS. Mr. H. P. Davison; and I think Mr. Reid, possibly not at the beginning, but later on.

Mr. UNTERMYER. Was that voting trust formed at the time the Bankers Trust was organized?

Mr. PERKINS. It was.

Mr. UNTERMYER. How long did you remain a voting trustee?

Mr. PERKINS. Well, until a year and a half, or such a matter, ago.

Mr. UNTERMYER. Then you were a trustee, were you, under the extended voting trust?

Mr. PERKINS. I remained a voting trustee until just about the time of the extension, as I remember it, and perhaps a little after.

Mr. UNTERMYER. It appears in evidence here that the original trust agreement, dated the 18th of March, 1903, was for five years.

Mr. PERKINS. Yes.

Mr. UNTERMYER. And that it was renewed on the 18th of March, 1908, for three years, with the same voting trustees?

Mr. PERKINS. Yes.

Mr. UNTERMYER. So that that voting trust, the second one, lasted, or would have lasted, normally, until March 13; but it was superseded on March 9, 1912, by a new voting trust, Mr. George B. Case taking your place. Do you know Mr. Case?

Mr. PERKINS. I do.

Mr. UNTERMYER. What is his profession?

Mr. PERKINS. A lawyer.

Mr. UNTERMYER. And do you know how he came to be named as voting trustee?

Mr. PERKINS. I do not.

Mr. UNTERMYER. Or at whose suggestion?

Mr. PERKINS. I do not.

Mr. UNTERMYER. He was the counsel for the Bankers Trust Co., was he not?

Mr. PERKINS. I do not know as to that.

Mr. UNTERMYER. Also, he was one of the counsel of J. P. Morgan & Co.?

Mr. PERKINS. Not in my time. I do not know that he is.

Mr. UNTERMYER. Is not he related to some one of the firm?

Mr. PERKINS. Not that I know of.

Mr. UNTERMYER. You do not know that?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. What useful purpose, Mr. Perkins, is served by putting into the hands of three voting trustees a majority of shares of a trust company, with power to them to vote for all the directors of the company and to approve and confirm amalgamations with other companies, without recourse to the stockholders?

Mr. PERKINS. My general feeling about a voting trust is that it has been used to cover a period of time when a new enterprise was being gotten under way, when it was desirable to establish certain methods of business, to carry out certain plans of those who were undertaking the responsibility for putting a given business on its feet as a going concern, and in order to conduct it along certain lines for a certain definite period of time.

Mr. UNTERMYER. Is that to conduct it along lines that are approved by the voting trustees, so that they will have control of that?

Mr. PERKINS. Well, to make it along the lines of a policy being established at the beginning by certain men who were interested in working it out; that such men might feel that they could carry their ideas out.

The CHAIRMAN. Those are the voting trustees?

Mr. PERKINS. Those would be the voting trustees.

Mr. UNTERMYER. Then the idea of a voting trust would be to enable the trustees to have a supreme control and fix the policy of the corporation?

Mr. PERKINS. Not the supreme control, because that would of course go to the board of directors.

Mr. UNTERMYER. But they are their nominees?

Mr. PERKINS. The board at the beginning were nominees themselves of the stockholders, and it would be understood that the company would be run along the lines originated by the people who originally formed the company.

Mr. UNTERMYER. How do you make it out that the board are the nominees of the stockholders, when the board here was nominated by the voting trustees?

Mr. PERKINS. Yes, of course. After a company is organized the transfers have to go before the trustees.

Mr. UNTERMYER. Yes, but do you not recall that this board of directors of the Bankers Trust Co., the initial board, was named by the voting trustees under the provisions of the voting trust?

Mr. PERKINS. I think the original board, as a matter of fact, in that case was composed of those of us who formed the Bankers Trust Co. We were a lot of young men in New York who met together occasionally at dinner, and we felt that there was a good opening in the city for another trust company, and we organized.

Mr. UNTERMYER. Was Mr. Daniel G. Reid one of those young men?

Mr. PERKINS. I think he was, but I am not certain. Whether he was at the very beginning or not, I do not recall.

Mr. UNTERMYER. Have you ever heard before of a financial institution being started on its career through the agency of a voting trust?

Mr. PERKINS. I do not recall that I have.

Mr. UNTERMYER. Well, as a matter of fact, this was the pioneer case of that kind, was it not?

Mr. PERKINS. It was.

Mr. UNTERMYER. Is it not a fact that the voting trustees, under the various terms of the voting trust, named the original board?

Mr. PERKINS. I think the original board was comprised of the men who organized the trust company, who started it. As I say, we started it in a general conversation among ourselves, feeling that there was an opportunity for another trust company in New York, and we organized this company.

Mr. UNTERMYER. These trustees did not need to have the stock all put together and its voting power destroyed in order to succeed as a trust company, did they?

Mr. PERKINS. No. I do not recall that there was any specific reason for the voting trust at that time. Some of us may have had a reason.

Mr. UNTERMYER. There is not now any need of its continuance?

Mr. PERKINS. I should think now there would be no reason for its continuance, but I am not sufficiently familiar with the conditions to say.

Mr. UNTERMYER. Do you remember any other instance of a voting trust for a great financial institution that is solvent and prosperous?

Mr. PERKINS. I think, Mr. Counsel, that all these questions would depend very much on the situation of the case; would not you?

Mr. UNTERMYER. Under what circumstances can you conceive that the powers of the stock should be delegated to three men to name the board of a prosperous and growing financial institution?

Mr. PERKINS. I could conceive of a case such as has been known of in regard to railroads, as you know, where it was placing the reorganization of a company in the hands of a few men for a certain length of time, which is very desirable for the property.

Mr. UNTERMYER. Those are cases of bankrupt corporations, are they not?

Mr. PERKINS. They have been used very largely in that respect.

Mr. UNTERMYER. Have you ever heard of a railroad being placed under a voting trust except when it was being reorganized, because of its inability to meet its obligations?

Mr. PERKINS. No; unless possibly the work of the reorganizers was not completed. It might be done then.

Mr. UNTERMYER. No; I ask you if you know of any case in the history of the country in which a railroad or any other corporation, except in this case, was put in the hands of voting trustees, except where it was bankrupt, or could not meet its obligations, and was being reorganized?

Mr. PERKINS. As a matter of fact, I am not very familiar with those affairs of voting trusts.

Mr. UNTERMYER. Do you know of any case of that kind, such as I have described?

Mr. PERKINS. I do not recall that I do.

Mr. UNTERMYER. Do you know whether this voting trust was generally known, whether the existence of it was known?

Mr. PERKINS. It must have been known, because the certificates were voting-trust certificates.

Mr. UNTERMYER. The Bankers Trust issued from year to year, did they not, statements of its affairs?

Mr. PERKINS. Yes; they issue their regular reports.

Mr. UNTERMYER. Regular reports?

Mr. PERKINS. Yes.

Mr. UNTERMYER. You know that on those reports appeared the names of its directors?

Mr. PERKINS. I presume so; yes, sir.

Mr. UNTERMYER. And you know, do you not, that they advertised in the newspapers to the world that they had these directors, and that the high personnel of that board was an inducement for business?

Mr. PERKINS. Yes.

Mr. UNTERMYER. Do you know of their ever having advertised the fact that the board, instead of being named by the stockholders, was named by the voting trustees?

Mr. PERKINS. I do not know whether or not that has been advertised, but it certainly is very well known. Everyone who knows anything about the Bankers Trust Co. knows that there was that voting trust.

Mr. UNTERMYER. How do you know that they knew it?

Mr. PERKINS. Because all the stock was issued as voting certificates, and everybody knew that it was such.

Mr. UNTERMYER. It has been stated here by men who were familiar with conditions downtown, that they did not know that either the Bankers Trust or the Guaranty Trust had a voting trust.

Mr. PERKINS. As far as the board you refer to is concerned, I am quite sure that the board, while selected in that way, has been a very successful and representative board, and of course the board has actually to do the business, and not the voting trust.

Mr. UNTERMYER. Have not the voting trustees from year to year named the board?

Mr. PERKINS. They nominate vacancies in the board.

Mr. UNTERMYER. What do you mean by vacancies? Is not the board reelected every year?

Mr. PERKINS. As far as I know. I do not know the law; I think they are.

Mr. UNTERMYER. Did not the voting trustees meet every year and reelect the board while you were a trustee?

Mr. PERKINS. I do not know how often. We met quite frequently, and my recollection is that the board would suggest vacancies. I think in that respect a voting trust in the company was of very little real use after we were well underway.

Mr. UNTERMYER. Why did you not dissolve it under the power you had under the agreement?

Mr. PERKINS. So far as the voting trust was concerned, after we were organized it was a matter that came up so seldom I do not suppose it occurred to anyone—I am sure it never occurred to me—that it was a matter of very great consequence one way or the other.

Mr. UNTERMYER. Why should the board nominate and appoint men to fill vacancies, and thus make itself self-perpetuating with the aid of the voting trustees, rather than have the stockholders name directors to fill vacancies?

Mr. PERKINS. I do not know that I quite understand what you mean, but the real practice of a concern like that is to find the best man they can. The trustees who are in service are just as anxious to get an associate, in case of a vacancy, who is the best man that they can get, as they can be; because the better man they get the better help they receive for their company, and what they are anxious for is success.

Mr. UNTERMYER. But my inquiry goes to the point of asking why the board should name men to fill these vacancies as its successors, rather than leave that to the stockholders.

Mr. PERKINS. Well, of course, a good many questions that are coming up in the last month or two are questions that scarcely anyone has pondered on; I do not know that I have thought about them sufficiently to give you an answer that I think well enough thought out. What the practice has been, of course, I am familiar with.

Mr. UNTERMYER. Do you believe that a bare majority of the stock of financial institutions should name all the directors of the institution, or that the minority ought to have a representation?

Mr. PERKINS. Well, my opinion is that where possible, in such institutions as it is possible in, minority interests have had representation and should have.

Mr. UNTERMYER. Do you believe that the minority stock in a financial institution ought to have the legal right to representation on the board? That is the question.

Mr. PERKINS. I do.

Mr. UNTERMYER. You know it hasn't it now?

Mr. PERKINS. No; I do not; I think it has.

Mr. UNTERMYER. Don't you know that the law allows the majority to rule?

Mr. PERKINS. That is the law.

Mr. UNTERMYER. I am speaking of the law.

Mr. PERKINS. I doubt if that is uniformly the practice

Mr. UNTERMYER. Do you know anything about the practice?

Mr. PERKINS. Yes, I do; a least I have until the last two or three years.

Mr. UNTERMYER. I would like you to name any financial institution in which the minority stock has asked or received representation.

Mr. PERKINS. I did not mean it in that sense. I meant that the stock of a concern, whether it has been minority or majority, has been represented in the management of the company.

Mr. UNTERMYER. We are now endeavoring to find out whether it is a wise thing to allow the bare majority of stock of an institution to retain its present legal right to select all of the board, or whether the law should be changed so that the minority should have representation proportionate with its holdings?

Mr. PERKINS. I believe, when it comes to a question of changing the law that may exist now, as affecting the financial fabric of this country as it has been built up, that the very greatest possible care should be taken in the study of those questions.

Mr. UNTERMYER. That is the reason we are here, and that is the reason I am asking you this question. Based on your experience I want to know whether, in your judgment, the minority stock in a financial corporation ought or not to have the right to legal representation on the board?

Mr. PERKINS. Well, when you speak of it in the broad way that you do, I think everyone should say that if they have not it they should have.

Mr. UNTERMYER. You know they have not, do you not?

Mr. PERKINS. No; I do not know they have not.

Mr. UNTERMYER. A legal right.

Mr. PERKINS. A legal right is one thing, and the right by practice is even more important, and that is another thing.

Mr. UNTERMYER. We are discussing the question of legal right and I want, Mr. Perkins, to get an answer to that question. Do you approve, or do you not approve, of a change in the law that will give to the minority stock in a financial institution the right of representation, not by grace or by courtesy of the majority, in a representation of somebody who is satisfactory to the majority, but a legal representation of its own selection?

Mr. PERKINS. I certainly would approve of that if it were properly safeguarded, and properly introduced, and so arranged as to be able to conduct it safely and successfully.

Mr. UNTERMYER. Suppose you owned 45 per cent of the stock of the Bankers Trust Co.

Mr. PERKINS. Yes.

Mr. UNTERMYER. And there were nine directors on the board, would you approve of that 45 per cent under the principles and practice of cumulative voting, having the right to name four out of the nine directors?

Mr. PERKINS. I would not say how many. I think they certainly ought to be represented, and it is my experience that they always have been, but I would not be in favor of some law by which perhaps one or two people, for speculative purposes, might go out and get a share or two of stock in order to get on that board and raise havoc with that business. That is why I said that it should be thought out with the greatest possible care. I am not one to say offhand, at the moment, exactly how that should be done or what my careful opinion would be on the subject.

Mr. UNTERMYER. Would you either give the majority the right to name the whole board, or give the minority a right to name part of it? You would have to do one or the other.

Mr. PERKINS. That can be answered yes or no. I think I have covered it by saying just what I said.

Mr. UNTERMYER. No; you have not answered it. You have hedged it.

Mr. PERKINS. I have not meant to hedge it. I have said that the minority, in a large sense, ought to have representation.

Mr. UNTERMYER. I did not mean, when I said you have hedged it, I did not mean that offensively.

Mr. PERKINS. I see.

Mr. UNTERMYER. Here is a proposition that seems perfectly plain. Under the present law the majority names the whole board, does it not?

Mr. PERKINS. Yes.

Mr. UNTERMYER. Do you, or do you not, approve of a change in that law that will give the minority a representation on that board proportionate to its interest in the stock?

Mr. PERKINS. I think I have answered that when I said, replying to your illustration, that I would be in favor of 45 per cent having representation. I think I said that I believed they have had, and I think they certainly ought to have by law.

Mr. UNTERMYER. As to your suggestion, that you believe they have had, that does not answer my question.

Mr. PERKINS. I have gone fruther and stated if the law can be changed in such a way as to safeguard it, and do it in the way I have suggested, so that one or two men can not go out and buy a share of stock in order to get on that board and raise hob.

Mr. UNTERMYER. Do not you know that under the principle of cumulative voting a man with a share of stock or a dozen shares of stock would not have enough stock to elect himself a director?

Mr. PERKINS. You have used one illustration and I have used another. It all comes down to the question as I said before, that it ought to be studied with care; I do not know just how you could do it.

Mr. UNTERMYER. Have you ever heard of cumulative voting?

Mr. PERKINS. I have.

Mr. UNTERMYER. Do not you know that it is in effect in many States of the Union?

Mr. PERKINS. I do not know in many. I have heard that that principle was in effect, but I do not recall any special State.

Mr. UNTERMYER. Do not you know that in New York State it is applicable to industrial corporations that are under charter, but not applicable to banking corporations?

Mr. PERKINS. I did not know that.

Mr. UNTERMYER. You know that the Pennsylvania road has cumulative voting?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. You know that cumulative voting only allows a representation on the board in proportion of the holdings of the minority as compared with the majority?

Mr. PERKINS. In a general way I know that is the system of cumulative voting.

Mr. UNTERMYER. Has any criticism been made of that principle?

Mr. PERKINS. I do not know that there is any criticism made of it. I do not know that it has been studied sufficiently for a man to say, in an examination of this kind, that he would be entirely committed to it. As a matter of fact, the reason that I am in this attitude that I am in to-day is because I am studying these questions; I think we ought to study them. It is my wish, and more or less of a dream, that more men would free themselves from close association with some of those questions, men who have been in them, and devote themselves to the study of it. It is very important.

Mr. UNTERMYER. What is the use of studying them if they have not any opinion on them when they get through?

Mr. PERKINS. I wish they would have. The study might bring the opinion.

Mr. UNTERMYER. Have not you studied this question of representation of minorities?

Mr. PERKINS. I have not.

Mr. UNTERMYER. Are you a director in a number of companies, Mr. Perkins?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Have you retired from most of your directorships?

Mr. PERKINS. I have; yes, sir.

Mr. UNTERMYER. You say you are a director in the Steel Corporation and the Harvester Co.?

Mr. PERKINS. Yes, sir.

Mr. UNTERMYER. Are you a director in any financial institution?

Mr. PERKINS. Only in the New York Trust Co., of New York.

Mr. UNTERMYER. You were a director in the National City Bank?

Mr. PERKINS. Yes, sir.

Mr. UNTERMYER. How long since you retired from that?

Mr. PERKINS. A year and a half, or such a matter, ago.

Mr. UNTERMYER. In the course of your banking experience and your connection prior to that with the New York Life, did you become, in a general way, conversant with the operations of the stock exchange?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. You know something of the abuses incident to the stock exchange, do you not?

Mr. PERKINS. I, in a very general way, know about the stock exchange, but I never was a member of it. I never was in it. My business and associations and work have not brought me very close to the operations of the exchange.

Mr. UNTERMYER. But, during your years of association with Morgan & Co., you necessarily had to deal with stock exchange houses, did you not?

Mr. PERKINS. My branch of the business brought me very little in touch with them.

Mr. UNTERMYER. Have you, as a result of your experience, any opinion as to the necessity or advisability of putting the stock exchange under legal control and regulating it?

Mr. PERKINS. Yes.

Mr. UNTERMYER. What is your view as to that, and what are the reasons for it?

Mr. PERKINS. I feel generally, from such study as I have made of that, that if the exchange were incorporated under some broad system of regulation, that it would inure to the benefit of the people who are investing in securities sold there and would at once be better for the public who are the buyers, and for the members of the exchange who are conducting this business.

Mr. UNTERMYER. You favor the incorporation of the stock exchange, do you?

Mr. PERKINS. I would; yes.

Mr. UNTERMYER. And under what laws do you favor its incorporation?

Mr. PERKINS. I know that the feeling among some people with whom I have talked is that it should be incorporated under the laws of the State of New York. The New York Stock Exchange was organized a great many years ago as a New York enterprise, but personally I think it has largely outgrown that function. It is a

national institution now. In fact, it is more than that. It is an international institution.

Mr. UNTERMYER. It is an international institution?

Mr. PERKINS. Yes; and people are trading in its securities who are many thousands of miles away, and they should be given all the protection in that trading that it is possible to throw around it. I believe a very vast sum of money would come as an investment in American securities, if some of the conditions in regard to the manner in which they are traded in could be changed and perhaps improved to the benefit at once of the exchange and to purchasers.

Mr. UNTERMYER. Is it your judgment, then, that it should be incorporated under a Federal law?

Mr. PERKINS. That would be my judgment, if that could be so arranged. In fact, I am a Nationalist on almost all of these questions, not a State rights man.

Mr. UNTERMYER. Does the stock exchange perform any important function in national finance?

Mr. PERKINS. I think it does, very; and a most useful function.

Mr. UNTERMYER. Does it establish values?

Mr. PERKINS. Yes and no. It establishes values in that it is the spot cash place of trading, so that perhaps it would be more accurate to say that values establish themselves there.

Mr. UNTERMYER. Yes. What sort of regulation do you suggest to do away with existing abuses?

Mr. PERKINS. That is another question that leads into detail. Personally, Mr. Untermyer, I believe most all of the abuses, or so-called abuses that we are discussing so broadly in many lines to-day would take care of themselves and disappear with publicity.

Mr. UNTERMYER. There is plenty of publicity in the stock exchange, is there not?

Mr. PERKINS. No, sir; I do not think there is.

Mr. UNTERMYER. All the quotations or supposed quotations are published and spread broadcast, are they not?

Mr. PERKINS. That is the result.

Mr. UNTERMYER. Is not that one of the difficulties or abuses—that is, that the quotations are not genuine?

Mr. PERKINS. That they are not genuine?

Mr. UNTERMYER. That they do not represent actual transactions.

Mr. PERKINS. I doubt if that is as much a question to be complained of as the fact that the dealing in the securities is perhaps done in such a way that people do not get the information as to the security that they should have in order to fix their own opinion on its value. I think, in other words, this: Perhaps I can make it plainer; the value too apt to be taken by a purchaser away out in the country somewhere is what he sees the quotations are rather than the intrinsic value which he himself could fix if he had more general information as to the security.

Perhaps I can cite the Steel Corporation securities which you referred to and asked if I felt that publicity was helpful to their dealings. I think most everyone who holds steel securities studies pretty carefully the features of the annual report of the company and knows a great deal about the company's actual condition. I do not know that that obtains so fully in all concerns that are listed on the exchange. It does in the case of a great many. But it is so more or

ess voluntarily to-day on the part of the corporation and, to a certain extent, by the rules of the stock exchange.

The State of New Jersey, for instance, issues a license organizing one of these concerns, and that is the last of it. It does not follow it up to see that the permission to exist which has been given on the presentation of certain papers is lived up to in the future, and I do not believe any State can do that when the concern does business all over the face of the earth.

Mr. UNTERMYER. How would you deal with the question of manipulation of the stocks on the stock exchange, thus creating fictitious values?

Mr. PERKINS. It is a very difficult question. I have never heard anyone give a method that would solve that difficulty.

Mr. UNTERMYER. You have no solution to offer, have you?

Mr. PERKINS. No, sir; it is a form of gambling that is indulged in even down to the farmer who sells his wheat this winter for next fall's delivery.

Mr. UNTERMYER. But that is short selling. I am not speaking of short selling. I am speaking of manipulation of prices. Do you know how that is done?

Mr. PERKINS. I know very little about it.

Mr. UNTERMYER. If you do not know about it, we will let it pass.

Mr. PERKINS. I know the exchange has tried very hard to do its share in that direction.

Mr. UNTERMYER. One of the members of the committee would like to know what, in your judgment, would happen if legislation should be enacted that would prohibit gambling in stocks?

Mr. PERKINS. I think it would be a beneficial thing, if you could draw such a bill and enforce it, in the same way—

Mr. UNTERMYER. Would it release a large amount of the money of the country that is loaned by the banks on these gambling transactions?

Mr. PERKINS. I hardly think that. I am thinking more of it as a moral question and, broadly speaking, as a question that we all realize would be beneficial, to stop gambling anywhere.

Mr. UNTERMYER. Let us look at it from a practical standpoint, rather than entirely from a moral standpoint; because there are a great many things that may be immoral that we can not prevent. From a practical standpoint, do you not know that if speculation or gambling were circumscribed, the capital that is now used in these operations would be released for other purposes?

Mr. PERKINS. I think to a certain extent that is so, generally speaking.

Mr. UNTERMYER. Is not that so absolutely, without qualification; not to a certain extent, but absolutely?

Mr. PERKINS. I was thinking of what you would call gambling. Where are you going to draw the line as to what is gambling? As to gambling pure and simple, I would say yes; but what is gambling on the stock exchange? A good many people have been trying to find that out.

Mr. UNTERMYER. You have an idea what gambling on the stock exchange is, in your own mind, have you not, Mr. Perkins?

Mr. PERKINS. I suppose gambling on the stock exchange is when a man goes in and buys a great lot of stuff that he can not ever think

of paying for, on a very small margin, with the idea that to-morrow he will sell it at one point advance.

Mr. UNTERMYER. In order to make these purchases, he has to have the aid of the banks, does he not, to carry them?

Mr. PERKINS. Or of his broker, or something like that.

Mr. UNTERMYER. He has to have the aid of his broker, who, in turn, has to have the aid of the bank?

Mr. PERKINS. That is the same thing as a man out in Omaha going and buying a lot of real estate in the same way, and——

Mr. UNTERMYER. No, wait a minute. We are not talking about real estate.

Mr. PERKINS. It is all the same thing.

Mr. UNTERMYER. I am not discussing that. I am asking you the question whether or not the man who buys stocks in that way—gamble in that way—for a rise of a point or two, not expecting to pay for the stock, does not have to borrow the money to do that with from his broker, who, in turn, borrows it from the bank?

Mr. PERKINS. He does.

Mr. UNTERMYER. Is not that so?

Mr. PERKINS. Yes; but it is a very temporary affair, whereas in the case of the man who gambles in the real estate transaction, he ties up all that money, and nobody knows how long it will be before it can get out and be used in the community again.

Mr. UNTERMYER. When we want to discuss real estate transactions, Mr. Perkins, we will ask questions about real estate.

Mr. PERKINS. But I am simply saying this——

Mr. UNTERMYER. Let us get on, or we will never get through.

Mr. PERKINS. Then I certainly agree with you that we ought to get on.

Mr. UNTERMYER. Yes. Let us get on. Do you not know that the speculative transaction in Wall Street takes a large part of the capital and resources of the banks?

Mr. PERKINS. I do not know. I am not familiar with that.

Mr. UNTERMYER. You know they do take considerable of that capital, do you not?

Mr. PERKINS. I do not know how much they take. I have never been in touch with that part of the business at all.

Mr. UNTERMYER. You know you can not speculate in stocks and not pay for them without borrowing the money, do you not?

Mr. PERKINS. Yes.

Mr. UNTERMYER. And it is borrowed from the banks?

Mr. PERKINS. I presume that is true.

Mr. UNTERMYER. You know, do you not, that the large banks and trust companies in Wall Street have from 24 to 40 directors in the board?

Mr. PERKINS. They vary.

Mr. UNTERMYER. They are very large boards?

Mr. PERKINS. Yes; some of them.

Mr. UNTERMYER. What is the advantage in a large board of that kind?

Mr. PERKINS. I do not think there is any.

Mr. UNTERMYER. Does it not scatter instead of concentrate responsibility?

Mr. PERKINS. I think it does.

Mr. UNTERMYER. Do you favor small boards?

Mr. PERKINS. I do; and I favor fixing responsibility and making a director attend meetings and certify that he knows the condition of the institution in which he is a director.

Mr. UNTERMYER. That would be promoted by small boards of directors, would it not?

Mr. PERKINS. I think it would. I think it would be very desirable.

Mr. UNTERMYER. I call your attention to the chart that is in evidence as Exhibit No. 134a, which you have seen.

Mr. PERKINS. That is the one I saw on the floor over there; yes.

Mr. UNTERMYER. Also to an explanation of the chart, which is marked Exhibit No. 134c, from which you will note that, taking into the account the deposits of J. P. Morgan & Co. and Drexel & Co., the following seven institutions have total resources of \$1,398,000,000 excluding the resources of Morgan & Co., outside of those deposit, as follows: J. P. Morgan & Co., \$163,000,000; Guarantee Trust Co., \$292,000,000; Bankers Trust Co., \$205,000,000; First National Bank, \$149,000,000; National City Bank, \$274,000,000; Chase National Bank, \$125,000,000; National Bank of Commerce, \$190,000,000—total, \$1,398,000,000.

Further, that the Mutual Life and the Equitable Life Insurance Cos. have combined resources of \$1,091,000,000, making a total in these nine institutions alone, without regard to other affiliations, of \$2,489,000,000.

Assuming, now, that the situation is as described in Exhibits Nos. 134a and 134c, and assuming further that the business of making the issues of the great interstate corporations has, during the past five years, been conducted mainly on joint account between Messrs. J. P. Morgan & Co., the First National Bank and the National Bank of New York, Lee, Higginson & Co., and Kidder, Peabody & Co., of Boston, and the Illinois Trust & Savings Bank, and the First National Bank of Chicago, as appears on the list now shown you, which you have examined; knowing what you do as to the methods of business and as to the financial power of the affiliations of these banks and banking houses, and their control over financial, railroad, and industrial corporations, please state whether or not, and if so to what extent, this concentration and control of money and credit constitute a peril to the prosperity of the country; and state, also, if you will, the reasons for your conclusion. You have had that question overnight, have you not?

Mr. PERKINS. Yes. You handed that to me last evening. Notwithstanding the fact that I had it, I slept. That question sounds to me a good deal like the old conundrum: "Why does a mouse when it spins?"

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

Mr. PERKINS. I will, Mr. Counsel, to the best of my ability. As I have thought of that question; and looked at these lists that you have there, it seems to me that it boils itself down to what is undue concentration; beyond what point is concentration a peril? And, of course, your figures, as you say, are assumed—

Mr. UNTERMYER. No; they are based on the evidence.

Mr. PERKINS. I say, they are for me to assume.

Mr. UNTERMYER. They are for you to assume, but they are based on the evidence that is here. Assuming that evidence—

Mr. PERKINS. I suppose everyone would agree that, at a certain point, concentrated wealth in the hands of an individual, or of several individuals, is a peril. However, in the shape you have put it there, whether it is a peril or not, I do not know, because I have not had time to investigate the conditions or what is the influence of those conditions.

Mr. UNTERMYER. I understood you to say——

Mr. PERKINS. One moment, if I may finish, now. I have been out of even a connection with this situation that you have described in your question for two complete years, and I would want to think of that very carefully before I said what I felt about it. My own feeling about this question of concentration is that we are up against it to-day in all forms of life. We concentrate more and more our Government here in Washington. We concentrate more and more every day, and that is one reason why I am trying to do the work on the outside that I am trying to do—because it is such a great problem now. I have thought during the recess of your question. You say there that there is an aggregate of two billion or two and a half billions of dollars. Of course, you have not overlooked this thought; that that billion dollars of those insurance companies that you put in there is not money; it is in the form of securities. That is not liquid. However——

Mr. UNTERMYER. Will you not answer directly——

Mr. PERKINS. One moment. I say let us take it all as money.

Mr. UNTERMYER. I do not think we will get on in this fashion at all.

Mr. PERKINS. Yes, I think we will, if you will wait just a moment. I have been trying to answer it, and I am coming right to the point.

You have got \$2,300,000,000. That is approximately the value of the crops of this country in one year. Last year if you could have taken all these crops and cashed them and put them somewhere and looked at them as one year's product out of 155 years, it would look small. As you put it up there, it looks very large. I am opposed to concentration of power, whether it be brain power or money power or human energy, in any one place that can produce harm. I think, however, that you have got to study very carefully not only this question of money in drawing your recommendations, but the question of men. You say that they could issue these securities; that they could make issues. If J. Pierpont Morgan should make a bond issue from the desert of Sahara and put his name on it, it would be subscribed probably; not because he is connected with those institutions, but because he has lived an earnest and tremendously strenuous life in the study of these questions for half a century, and the people have bought and bought and bought securities that his name has been put to, and have believed that they came out right.

Mr. UNTERMYER. Sometimes they do and sometimes they do not.

Mr. PERKINS. Sometimes they do and sometimes they do not; but in a large majority—I——

Mr. UNTERMYER. I wish you would answer my question.

Mr. PERKINS. I think I am answering your questions.

Mr. UNTERMYER. But, Mr. Perkins——

Mr. PERKINS. Just a moment. There is your man. Now, what are you going to do with the man? If he was not in New York and had not those affiliations——

Mr. UNTERMYER. Now, Mr. Perkins——

Mr. PERKINS. I will be done in just one minute. The thing lines out in every direction. You take these meetings here at Washington; they have been going on for two or three years, and I have been before most of them, and usually they have been conducted by the committee itself. Now we have concentration—where this committee thinks the thing to do is to get the ablest men in the country to conduct this hearing. That is concentration. It will help this committee, and that is the way to do it. But what are we going to do about it?

Mr. UNTERMYER. I would like to get an answer to my question.

Mr. PERKINS. I am——

The CHAIRMAN. I will come to a ruling. The reason for the committee selecting counsel is because they wanted to present the results of their investigation in logical order and under proper heads.

Mr. PERKINS. Well, can you?

The CHAIRMAN. I think we have done so, and we have retained counsel to assist the committee to gather these facts.

Mr. PERKINS. I think that is a very proper thing.

The CHAIRMAN. We will proceed in order.

Mr. PERKINS. That is the only way to do it.

Mr. UNTERMYER. If you will now be good enough to answer a few questions, maybe we will get along.

Mr. PERKINS. Very well, sir.

Mr. UNTERMYER. I would like to put them.

Mr. PERKINS. Very well.

Mr. UNTERMYER. You say if Messrs. Morgan should make an issue of bonds from the desert of Sahara they would probably be taken?

Mr. PERKINS. I think they would.

Mr. UNTERMYER. Do you know who takes those bonds that are being issued?

Mr. PERKINS. Not now, I do not; I used to know.

Mr. UNTERMYER. Do you not know that they are placed largely among the banks and trust companies that are affiliated with the Messrs. Morgan?

Mr. PERKINS. I do not. As I say, for two years I have been entirely out of that whole thing.

Mr. UNTERMYER. So that you do not know what becomes of those bonds that are issued by the Messrs. Morgan?

Mr. PERKINS. No; I do not.

Mr. UNTERMYER. Suppose you learned that they are underwritten and largely placed by banks and trust companies under their control or affiliated with them, would that in any way modify your statement about the Desert of Sahara?

Mr. PERKINS. No, sir; my first thought would be that they were going to market those through their customers in the ordinary usual course of business.

Mr. UNTERMYER. You mean that these banks and trust companies would market them in the course of time?

Mr. PERKINS. It would be the beginning of this distribution of those securities.

Mr. UNTERMYER. Having had this question over night, and having examined these charts and exhibits, you understand, do you not, that the question of whether this concentration that has been de-

scribed as a peril is predicated on the assumptions contained in the question, do you not?

Mr. PERKINS. I understand that that is the way you have put the questions.

Mr. UNTERMYER. You understand that you are to assume the facts there as having been proven?

Mr. PERKINS. That is what I understand your question to be.

Mr. UNTERMYER. Now, assuming the facts there stated to have been proven, can you tell us whether or not this concentration and control of money and credit that is there described do constitute a peril to the country or not?

Mr. PERKINS. I think you have left out some ingredients in your problem.

Mr. UNTERMYER. Well, taking the ingredients as you have them.

Mr. PERKINS. I would not feel——

Mr. UNTERMYER. One moment. Let me put the question. Taking the ingredients as they are presented to you there, are you able to answer the question?

Mr. PERKINS. I do not think I am.

Mr. UNTERMYER. Very well. Then you can not tell us whether, under the state of facts that are set forth, this concentration and control of credit do constitute a peril, can you?

Mr. PERKINS. No; let me answer that.

Mr. UNTERMYER. I want you to——

Mr. PERKINS. Please let me answer it, because your mind works one way and mine works another.

Mr. UNTERMYER. I would like to have your mind work toward answering the question.

Mr. PERKINS. I will try it, if you will only let me try my way. I am against concentration, as I have stated, that reaches a point of peril. I am very glad that this committee is working on those lines, but whether that thing itself does or does not I am not prepared to state until I have had time to contrast it with a great many other things in the country.

Mr. UNTERMYER. Do you recognize no difference between concentration of power and credit and control that is brought about through a man's own money and the concentration and control of credit that is brought about through the use of other people's money?

Mr. PERKINS. I do; a very great difference. I recognize there is a very great difference.

Mr. UNTERMYER. You understand that this particular concentration and control about which we have been inquiring is one that is brought about through the use of other peoples' deposits, do you not?

Mr. PERKINS. That is the statement; that is clear in your statement.

Mr. UNTERMYER. That is a very different thing, is it not, from a concentration brought about by combinations between people of their different plants, where they all have their own money interested, is it not?

Mr. PERKINS. Yes; in certain bearings of the matter it is.

Mr. UNTERMYER. And it is open to much greater control?

Mr. PERKINS. That is why I believe——

Mr. UNTERMYER. I say it is, is it not?

Mr. PERKINS. Yes; I believe that could be brought about so that the money could be handled to the advantage of the country and not have a peril.

Mr. UNTERMYER. That is, by doing away with concentration?

Mr. PERKINS. Not necessarily; we have seen that in the affairs of our Government we are concentrating more and more every day. Is there a peril in that?

Mr. UNTERMYER. We will not discuss the question of Government.

Mr. PERKINS. But excuse me. I do not believe that is what we have been doing. We have had one thing after another down here in Washington. We started it up in New York with the insurance investigation a few years ago, and, in my judgment, we have gone in every case from the frying pan into the fire. Take these securities that have been transferred to some of these banks and insurance companies. The Armstrong committee in New York objected to the insurance companies taking them, and therefore the banks bought them. Now, they object to the bankers holding them, and the poor securities have no place to rest their heads. Take the Standard Oil Co. It is supposed that we have disintegrated the Standard Oil Co. Are we better off as a people because we have smashed the Standard Oil Co.? Those are some of the things that we have not been able to work out yet.

Mr. UNTERMYER. Well, we are trying to work out our own.

Mr. PERKINS. I do not think you can take this country and read just all these wonderful questions that are so fascinating by taking one leg of the stool at a time. You will have to have it all standing square when you have finished or something will wobble.

Mr. UNTERMYER. We are still awaiting an answer to the question.

Mr. PERKINS. I hope I have made my best answer.

Mr. UNTERMYER. As to whether you see any peril in this concentration of credit?

Mr. PERKINS. I want to answer your question.

Mr. UNTERMYER. If you do not want to answer it, let us stop.

Mr. PERKINS. I see a peril in concentration, unregulated and unsupervised.

Mr. UNTERMYER. But we do not want to discuss concentration in its abstract. We are asking you questions about concentration of money and credit that is brought about for these particular purposes, and we would like to have you address yourself to that, if you will, assuming that they are stated in this question.

Mr. PERKINS. I do not believe that any man who respects his own opinion and wants to rest on it for a period of years can possibly express a definite judgment on an assumed state of facts that he does not know. That is really my own opinion of my judgment.

Mr. UNTERMYER. Let us see about that. You are not responsible for the assumption.

Mr. PERKINS. Then, I would rather not be connected with an answer.

Mr. UNTERMYER. You are not responsible for the assumptions in the question. You must take them as facts, as established here before this committee. Now, taking them here as facts established before this committee, the question is whether you have any opinion or not as to whether such a concentration is a peril. If you have not, very well: let us say so.

Mr. PERKINS. I have said that I believe concentration can easily be a peril, but I am not willing—I do not see how you can ask me, in three or four hours' deliberation of such a question as that—to express a definite and conclusive opinion on it. I am not willing to trust my judgment to that kind of commitment.

Mr. UNTERMYER. Suppose all the banks and trust companies, the leading ones in New York, were all concentrated in the hands of bankers whose business it was to make issues of securities. You understand?

Mr. PERKINS. I do.

Mr. UNTERMYER. And who use the assets of these banks in connection with those issues. Would you consider that a peril?

Mr. PERKINS. It might easily be that we will come to the time when that will exist.

Mr. UNTERMYER. I am asking you if all the banks and trust companies, or the leading ones in New York, were all concentrated in the hands of bankers whose business it was to make issues of credits and who used the assets of those banks in connection with those issues, whether you would consider that a peril?

Mr. PERKINS. Not if it was a regulated Government transaction.

Mr. UNTERMYER. According to your idea, if one small set of men having control over the industries and railroads were to get control of the leading banks of the country and their assets, you would not consider that a peril?

Mr. PERKINS. I would.

Mr. UNTERMYER. Is not that the situation to-day?

Mr. PERKINS. I do not know. As I say, I have been entirely out of it for more than two years.

Mr. UNTERMYER. You have been out of it?

Mr. PERKINS. Entirely.

Mr. UNTERMYER. Do you know whether it is or is not?

Mr. PERKINS. I do not, and I take it that this committee does not know and that they are trying to find out.

Mr. UNTERMYER. Do not tell the committee what they know.

Mr. PERKINS. No. I say, I take it that we can not find out.

Mr. UNTERMYER. Taking the chart that is before you here, you will notice that it shows twenty-five billions of capital in railroads, industrials, and banks and other great enterprises affiliated with this group of gentlemen. You do not think there is any peril in that situation?

Mr. PERKINS. I think the tendency is a peril, but I do not know enough about it to give you a positive opinion on it.

Mr. UNTERMYER. The tendency is a peril? Why?

Mr. PERKINS. Because I think the Congress of the United States has not been zealous enough in following up the currency and banking laws of this country and to keep abreast of the times, and so the business men have had to go ahead and do the best they can in the absence of that following up.

Mr. UNTERMYER. What advantage would the most perfect currency laws have in doing away with the peril of this concentration, if these gentlemen had the control of the moneyed institutions and of the industrials and railroads of the country? What advantage or protection would the public get from any kind of currency legislation as against that situation?

Mr. PERKINS. I think there would be an enormous protection in the publicity regarding transactions that are properly those that can be spread before the public. Just as I said at the beginning of these investigations, about the steel company's annual report.

Mr. UNTERMYER. We are not talking about publicity, and we will assume, for the purpose of this question, that all of the transactions of these gentlemen are above reproach and can stand the utmost light of publicity, and assuming all that, with such a control over railroads and industrials and banking institutions, do not you see an imminent peril, regardless of any currency legislation, no matter what it may be?

Mr. PERKINS. The difficulty with that question, with all due respect, is that I do not know that that control exists.

Mr. UNTERMYER. You do not know whether it does or not?

Mr. PERKINS. Certainly it never did in my day.

Mr. UNTERMYER. Have you not found in the last two years that there has been a tremendous concentration of money and credit in the financial institutions of New York?

Mr. PERKINS. There has evidently been a development in that direction, but I do not know—you are asking me under oath now to state definite opinions.

Mr. UNTERMYER. You are not in touch with the present situation?

Mr. PERKINS. I am not and have not been for two years.

Mr. UNTERMYER. Then, that is all.

Mr. PERKINS. That is all you want of me?

Mr. UNTERMYER. Yes. Oh, one moment. How long is it since you have been in touch with the situation?

Mr. PERKINS. Between two years and two years and a half.

Mr. UNTERMYER. You recognize that there have been vast changes since then?

Mr. PERKINS. There evidently has been a very rapid growth in these questions, and all other questions.

Mr. UNTERMYER. We will confine ourselves to this.

Mr. PERKINS. And I do hope that the committee will take them all into consideration, for I really believe they can not be separated.

Mr. UNTERMYER. Have you been very much surprised at these figures of deposits of these institutions?

Mr. PERKINS. My attention has never been called to them until you brought them to my attention last night, and it seems to me a very rapid growth.

Mr. UNTERMYER. Have you been very much surprised at the concentration of ownership of holdings, drifting into a few hands?

Mr. PERKINS. That I did not look into so carefully; I have only had a little time, as you know, before this morning, to look at that chart which you made up. And I was not able—it was so elaborate—I was not able to go into it enough to formulate a real opinion about it, and, as I said before, when you contrast what New York is doing, you must contrast it with what the country is doing.

Mr. UNTERMYER. That is all.

Mr. PERKINS. Thank you. Will that be all you wish of me?

Mr. UNTERMYER. Yes.

The CHAIRMAN. We will take a recess at this point.

Whereupon, at 3.20 o'clock p. m., the committee adjourned until to-morrow, Thursday, January 16, 1913, at 11 o'clock a. m.