kept with Marcellus Hartley, trustee, was then closed, and the balance transferred to the credit of George H. Squire, trustee? A.—I should think it did, although I was not told.

Q.—That M. H. stands for Marcellus Hartley? A.—Yes, sir.

Mr. Hughes—Now, this letter that you give me under date of April 1, 1902, I will offer in evidence. It is as follows:

(Paper marked Exhibit 194.)

"April 1, 1902. Equitable Life Assurance Society, George H. Squire, Esq., Finance Department, No. 120 Broadway.

"Dear Sir: In accordance with your instructions I have delivered over the collateral to the loan of M. Hartley, Trustee, $223,000 Third Avenue 4 per cent bonds, receiving payment therefor $224,583 75. We have charged accrued interest to the loan, and inclose herewith checks aggregating $75,631 15, balance paid, indorsed to George H. Squire, Trustee. Please acknowledge receipt and oblige. Yours very truly, H. C. DEMING, "Vice-President."

Q.—There was, then, a loan of M. Hartley, trustee, and there was collateral to that loan $223,000 Third Avenue 4 per cent bonds, and that loan was apparently with the Mercantile Trust Company? A.—Yes, sir.

Q.—And the Equitable Life Assurance Society received from the Mercantile Trust Company checks aggregating $55,631 13, which were indorsed to George H. Squire, trustee, and handed to George H. Squire as financial manager of the Equitable Life? A.—Yes, sir.

Q.—And when George H. Squire, as financial manager of the Equitable Life, got that amount of money he instructed you to make an entry in the George H. Squire Trustee account that that was to credit balance of the M. H. Trustee account, and then the $55,631 13 was deposited on the same date, April 2, 1901, to the credit of George H. Squire, trustee, in his account with the American Deposit and Loan Company? A.—Yes.

Q.—Now, to come back to the point from which we diverged, that audit company stock, you think, had something to do with that? A.—I think so.

Q.—What makes you draw that conclusion? A.—In talking to the accountants I think they told me that. I am not positive on the statement, because, as I say, I only had a few minutes with them, but I told them that I really did not know where those things came from at all, and they said they had been ferreting it out.

Q.—Here is another item on the same page, just before the account with the American Deposit and Loan Company was opened under date of October 17, 1900. I am referring now to your account book exhibit 192 for identification, to wit, proceeds of profit New-York City 3 1-3 bond syndicate, $5,400 92. Do you remember what that syndicate was? A.—No, sir.

Q.—Have you got some voucher or letter relating to it? A.—I don't think I have anything relating to that.

Mr. Hughes then passed to the first draft against this account and proceeded:

Q.—Now you called my attention to the fact that the items with which the account opens, of $36,030 98, is the total amount of the deposits down to that time, less $2,000 first drawn by Mr. Jordan on September 17, 1900? A.—Yes.

Q.—Do you know about that draft? A.—I don't, anything more than that it was paid to Mr. Jordan.

TWO SIGNATURES TO CHECKS.

Q.—He drew a check on the account; he was able to draw checks on it? A.—Well, as I understand it the acount was—three people could sign checks, and on the checks there had to be two signatures of these people.

Q.—Who were the three? A.—I understand that it was George H. Squire, William H. McIntyre and Thomas D. Jordan; any two of these could draw a check.

Q.—I see. Do you remember about this check that was drawn, or rather that was deducted in cash? A.—Yes. That was only told to me. I don't know anything more about that. Mr. Squire told me to enter it and I entered it.

Q.—As cash? A.—As cash.

The next important point Mr. Hughes developed was the appearance of a missing $25,000 profit due the Equitable from a Chicago and Northwestern syndicate. The record shows:

Q.—On September 20 there is a credit of $25,000. This was, as stated by you in your book September 19, a share in the profits of the Chicago and Northwestern syndicate? A.—Yes.

Q.—That was the profit in the syndicate participation of the Equitable Life Assurance Society? A.—Yes, it appears to be.

Q.—That we have already had evidence about to-day from Mr. Winthrop? A.—Yes.

Q.—The society got a check—or was that a check to Mr. Squire? A.—Probably to the society.

Q.—And indorsed by the society to Mr. Squire? A.—Very probably. That was the check that was drawn to the order of the society.

Q.—And indorsed by Mr. Squire, and he gave it to you to bank in this account? A.—That—— I am not sure whether I made the deposit or not. It was customary for the checks to be sent to Mr. Jordan. Whether I did it I don't know.

Q.—But you had something to make this entry. Do you remember what it was? A.—He gave me the items to enter.

Q.—Did he give you any ticket or voucher relating to it? A.—I don't seem to find any ticket or voucher.

Q.—You just made the entry—— A.—On his personal request.

Q.—By the way, I find some other vouchers here earlier, regarding these Rope and Twine transactions, which seem to be statements from Williamson & Squire to George H. Squire that "We have sold for your account"—— A.—Yes, that will be all down there.

Q.—These correspond to those various items? A.—I think you will find they all correspond.

Q.—Well, what makes you rather positive that this was a check to the society and indorsed over to Mr. Squire? A.—From data that I have looked up in regard to syndicates.

Q.—Well, do you find anything that would enable you to state that that was indorsed by Mr. Squire as trustee? A.—I don't think that Mr. Squire ever indorsed checks payable to George H. Squire, trustee. I think that in all other cases you will find it was indorsed by some other officer. I think the first—perhaps at that date Mr. Squire may not have been authorized to sign checks, in 1900 I am not sure whether he was or not.

Q.—He was not an officer at that time? A.—In other words, if a check was made payable to the Equitable Life he could not indorse it over to anybody, because he was not recognized in any bank as an officer.

Q.—Who would indorse it? A.—Any one of the officers who are authorized; presumably Mr. Jordan may have done it. I don't know.

Q.—But it went to the credit of this account? A.—Yes.

Q.—And undoubtedly it was Equitable money, as appears from this statement? A.—Yes.

"J. W. A. NO. 3 ACCOUNT" BEGINS.

After running through the list of items in the book, including an entry of $16,402, received from profits in a Union Pacific syndicate, a sum hitherto unaccounted for, Mr. Hughes reached the entry relating to the famous "J. W. A. No. 3 account." This entry established the relation between the "G. W. Squire Trustee" account and the $685,000 "yellow dog fund." The testimony follows:

Q.—Now, I find on the other side of the account, as a charge against these credits under date of December 30, 1901, the following phrase: "Check drawn to the order of J. W. Alexander and indorsed over to the Mercantile Trust Company to reduce J. W. A. No. 3 account, $100,000." Do you remember about that? A.—I remember the entry.

Q.—There was a J. W. A. No. 3 account? A.—Yes.

Q.—And that was kept where? A.—I believe in the Mercantile Trust Company.

Q.—Now, this check was drawn on the George H. Squire account and went to the credit of that other account? A.—Yes.

Q.—Do you remember who drew that check? A.—All checks were drawn, so far as I knew, by Mr. Jordan, who kept the checkbook.

Q.—I see. A.—And they had to be signed, as I stated before, by two of the three parties I mentioned.

Q.—What was this J. W. A. No. 3 account? A.—I don't know anything about it. It is J. W. Alexander, you know.

Q.—Yes, but you don't know anything about it? A.—No, sir.

Q.—Where did you get the information about this check? A.—From Mr. Squire.

Q.—At the time? A.—Yes.

Q.—Did he give you any ticket or tell you anything about it? A.—No, sir; he just told me to enter it.

Q.—Did he give you a memorandum from which you could enter it? A.—No, sir; I don't remember to have had any, and all memoranda I have had I have always kept.

PROFIT GOES TO "YELLOW DOG."

Q.—Then we go into 1902, and we find this balance of the Marcellus Hartley trustee account, $55,631 13, which has already been mentioned placed to the credit of George H. Squire, trustee, and also an account from Pittsburg Company loan, $6,670 83. Do you remember what that is? A.—I think the Mercantile Trust Company made a loan to that company and the Equitable had part of the loan, on which they received their interest. It was a loan. Besides that I think they received that profit, and instead of that profit going to the Equitable Life's books, it was put to the George H. Squire trustee account.

Q.—I don't quite understand what you mean by getting a profit? A.—Besides, the interest—

Q.—Was there a sort of bonus on the loan? A.—Yes, which they received.

Q.—For making the loan? A.—For making the loan, or something to that effect. I don't remember the details of it, but I know there was a loan, and that it was on our books.

Q.—You mean by your books the Equitable Life Assurance Society's books? A.—Yes.

Q.—And the loan is on the books? A.—Yes.

Q.—And the interest? A.—Yes.

Q.—And the bonus that was received went to the George H. Squire account? A.—Yes.

Continuing his examination, Mr. Hughes turned to an item of deposit in the Equitable Trust Company to the credit of "George H. Squire, trustee," of $40,000, but could find no corresponding item in the book. The witness failed to explain this.

Mr. Hughes next took up a $200,000 participation in West Virginia Central and Western Maryland Purchase Syndicates, in the name of "George H. Squire, trustee."

SYNDICATE FOR THE "FUND."

The first payment called was asked from James H. Hyde, in a letter. The letter follows:

Equitable Assurance Society, 120 Broadway, New-York. Vice-President's Office.

Dear Sir: On or before March 31, 1902, will you kindly send me check for $40,000, being 20 per cent of $200,000, the amount of the participation in the West Virginia Central and Western Maryland Purchase syndicate allotted to George H. Squire trustee, for the benefit of James W. Alexander and Thomas D. Jordan Trustee account.

Yours very truly,
JAMES H. HYDE.

Mr. Hughes then questioned the witness concerning the "James W. Alexander and Thomas D. Jordan Trustee account." The witness declared he did not know, but, prompted by Mr. Winthrop, Mr. Hughes elicited the fact that he believed it was identical with "J. W. A. No. 3" account, and that the $40,000 was paid to this account.

A second call for 20 per cent made by James H. Hyde was then discussed. The letter in this case was addressed to J. W. Alexander, trustee, while George H. Squire, trustee, had the participation. The witness expressed the opinion that this was a clerical error. This $20,000 was paid, as was another similar sum on a further call, again in the name of James H. Hyde. There was a fourth call for $20,000. Mr. Hughes then reverted to an original credit of $40,000 on the books. The witness admitted that it must have come "from somewhere," but could not explain the source.

At this point the committee adjourned, having sat for an hour longer than usual.

MADE $626,096 LOAN THROUGH A $2,000 CLERK.

EQUITABLE'S METHOD OF GETTING ATLANTIC COAST LINE BONDS OFF ITS BOOKS, MR. WINTHROP SAYS.

A loan, analagous to the famous "messenger boy" loans of the New-York Life, was shown by Mr. Hughes yesterday in the Equitable participation in the Atlantic Coast Line syndicate. In this case the amount involved was $626,096 90 and the clerk was E. Barrington, who had charge of the advertising business of the Equitable. Apparently the desire was to eliminate these bonds from the books of the Equitable, and to accomplish it a loan was negotiated on these bonds as collateral in the name of Barrington. No record of this proceeding appears save in the letter of the trust company, calling for the payment of the interest on this loan. The testimony on this point, which occurs in the seriatim discussion by Mr. Hughes of the Equitable syndicate participations, follows. Henry Rogers Winthrop was the witness. Mr. Hughes asked:

Q.—The next syndicate is Atlantic Coast Line Railroad syndicate, J. P. Morgan & Co., syndicate managers. This is the syndicate mentioned under the same title in the list, but then you were unable to state the names of the managers? A.—Yes, sir.

Q.—Or the allotment? A.—Yes, sir.

Q.—What is the allotment? A.—We haven't ascertained that yet. We don't know the amounts that were called in.

Q.—That was received from James H. Hyde and associates? A.—Yes, sir.

Q.—And you don't know what was the total amount allotted to James H. Hyde and associates? A.—No, sir.

Q.—And you don't know how much of the allotment to James H. Hyde and associates went to the Equitable? A.—No, sir.

Q.—What papers have you relating to that matter? A.—Just these two vouchers.

Q.—Showing two payments, one of $750,000, under date of October 8, 1902, signed George H. Squire, approved, Thomas D. Jordan, and the other for $626,096 90, similarly signed and approved. Have you any correspondence relating to the matter? A.—No, sir.

Q.—The first payment of $750,000 was made to J. P. Morgan & Co., syndicate managers? A.—Yes, sir.

Q.—The second payment of May 12, 1901, was paid to the Equitable Trust Company? A.—Yes, sir.

Q.—Why was it paid to the Equitable Trust Company? A.—It appears to have been carried there in a loan.

Q.—Please explain that. A.—It appears that this was put into the Equitable Trust Company as a loan in the name of one of the clerks at the office

Q.—What clerk? A.—E. Barrington.

Q.—I don't understand just what you mean by putting it in as a loan; you mean that that was loaned to the Equitable Trust Company? A.—To the Equitable Trust—so as to get it off the books of the society, apparently.

Q.—Was it a loan to the Equitable Trust Company? A.—No; the Equitable Trust Company loans money on the collateral.

Q.—To whom did they loan it? A.—Presumably to the society, and then it was eventually taken up by the society.

Q.—Then this amount paid to the Equitable Trust Company on May 12, 1904, of $626,096 90 was in repayment of a loan? A.—Was in repayment of the loan.

Q.—Do the books of the Equitable society show that loan? A.—No, sir.

Q.—Your information as to that loan is derived from the papers you now show me? A.—Yes, sir.

Mr. Hughes then offered in evidence the papers, which read:

Equitable Trust Company, of New-York. No. 15 Nassau-st., New-York, May 12, 1904.

Dear Sir: The Equitable Trust Company, of New-York, requests the payment of interest on your loan of $623,730 66, due May 12, 1904, amounting to $2,366 24. Yours respectfully,
LAWRENCE L. GILLESPIE, Vice-President.

To E. Harrington, October 5, 1902, $600,000. Carried out, $37,800; May 5, 1904; credit, $11,694; carried out, $9 10. Deduct, leaving $37,790 paid on account, $35,424 66. Balance, $2,360 24.

Mr. Hughes resumed:

Q.—Why was there a payment to the Equitable Trust Company? A.—It was put there as a loan. The note of Eugene Barrington, clerk in the Equitable, was given for a loan, and the payment was in repayment of the loan

Q.—How does the transaction appear on your books? A.—It doesn't appear.

Q.—The payment of the $626,096 90 must appear. A.—I will have to look it up.

Senator Armstrong—Who is this Eugene Barrington? A.—He is still in the employ of the society. He is now a good deal engaged in our advertising business, writing our leaflets, pamphlets, and so on. He was then employed in the office of the fourth vice-president. His salary is about $2,000 or $2,500.

Q.—From whom did you receive the payments? A.—From J. P. Morgan & Co. direct.

George C. Van Tuyl, secretary and treasurer of the Albany Trust Company, early in the day produced the records of "Judge" Andrew Hamilton's account in this institution, but the transcript was without significance, and Mr. Van Tuyl could add no information to that already obtained regarding the $235,000 fund.

At the opening of the session Senator Armstrong made the following brief statement, which may affect to-day's session:

S. Fred Nixon, Speaker of the Assembly, beloved of us all, is lying dangerously ill at his home in Westfield, N. Y. Our information leads us to fear that he cannot recover. Should worse news come, we shall instantly adjourn.

FOR WEDDINGS

Diamond and Gold Jewelry
In Exquisite Conceptions
Sterling Silver, Hand-wrought in
Beautiful and Exclusive Designs
Watches, Cut Glass, Canes, Umbrellas,
Leather Goods and Wedding Stationery.

Visitors are cordially invited to visit our new store, inspect our stock and inquire prices, without obligation to purchase.

REED & BARTON CO.
FIFTH AVE., COR. 32d ST.

FURNISHED ALL FUNDS AND SHARED PROFITS.

EQUITABLE DID NOT EVEN CHARGE ITS "ASSOCIATES" INTEREST IN ONE CASE—ACCOUNTS IN CHAOS.

Only less sensational than the new "yellow dog" revelations of the George H. Squire trustee fund was the wholesale disclosure of the exact character of the syndicate operations of the Equitable. It was shown that the Equitable was the third party in various syndicates—that is, that it took off the hands of its officers portions of their allotments in various syndicates which they turned over to it. The Equitable also in certain cases put up all the money for financing the syndicate, not only for its own share, but also for the various "associates" combinations of its officers, receiving no interest in at least one case for carrying the participation of all parties.

It was also found that not infrequently there was no record of a receipt of profits, and that the efforts of the Morton directorate to find just what part the Equitable had in the transactions were facilitated only by appeal to the various syndicate managers for records of checks sent to the Equitable. It developed that expert accountants have been for days laboring to unravel the tangles and that the problem is still only partially solved. Time and again Mr. Winthrop testified that he was still without data, but hoped to be able to produce it later.

The best example of the curious manipulation of a syndicate was supplied by the $1,500,000 participation in Chicago, Burlington and Quincy. This participation, taken by the Equitable "and associates," was divided among the officers of the Equitable, including James Hazen Hyde and Senator Chauncey M. Depew, in the following ratio:

Equitable	$500,000
Mercantile Trust Company	100,000
American Deposit and Loan Company	50,000
J. W. Alexander	100,000
General Fitzgerald	100,000
James H. Hyde	100 000
C. M. Depew	100,000
M. Hartley	100,000
W. A. Wheelock	100,000
George H. Squire and others	200,000
Fidelity Trust Company	50,000
Total	$1,500,000

OFFICIALS SHARED "GOOD THING."

At the outset of his examination of this transaction Mr. Hughes showed the fact that syndicate managers J. P. Morgan & Co. allotted the bonds direct to the Equitable. The importance of this point is manifest, since it demonstrates that the officers of the Equitable then allotted to themselves shares in the apparent "good thing" of Chicago, Burlington and Quincy syndidate participation. The stenographic record on this point follows. Mr. Hughes conducted the examination and H. R. Winthrop was on the stand.

Q.—Now, what I want to get at is, what action was taken by any committee or board of officers of the Equitable authorizing or approving of that division in its interests? A.—That will be looked up.

Q.—What was the Chicago, Burlington and Quincy purchase syndicate? A.—We have not the syndicate agreement here. This syndicate was formed for the purpose of underwriting a new issue of Chicago, Burlington and Quincy collateral trust 4 per cent bonds.

Q.—My question is, you have already stated—if not, I want it distinctly to appear that this million and a half allotment to the Equitable in this syndicate was made direct by J. P. Morgan & Co.? A.—Yes.

Q.—To the Equitable? A.—Yes.

Q.—You have a letter there as to that, that you showed me a minute ago. I will put it in evidence. A.—Yes, we have a letter.

Q.—I think you said that a moment ago? A.—Yes, the letter shows it.

Mr. Hughes—I will offer the letter in evidence.

J. P. Morgan & Co., New-York, May 1, 1901. To the Equitable Life Assurance Society, No. 120 Broadway, Chicago, Burlington and Quincy Purchase Syndicate. Dear Sirs: We have received from you the original of the Chicago, Burlington and Quincy purchase agreement, dated April 25, 1901, signed by you as a subscriber therefor for $1,500,000.

Your subscription is confirmed accordingly, and we hand you inclosed copy of said syndicate agreement for your files. Yours truly,
J. P. MORGAN & CO.

Q.—Now, I understand the Equitable society signed the syndicate agreement? A.—Yes.

Q.—As stated in that letter? A.—Yes.

Q.—So that, the first thing I want to know is the action of any committee or board or officer authorizing or approving the signing of that agreement? A.—Yes.

Q.—Then, I understand they acquired for participation in that way, the Equitable divided it up by allotting an interest in its participation to the individuals and companies which were named a moment ago in the list you handed me? A.—Yes.

Q.—Have you a copy of that? A.—We have not here.

Q.—Now, this Chicago, Burlington and Quincy purchase syndicate was a syndicate for the purpose of voting the Chicago, Burlington and Quincy joint 4s, or the bonds that were issued against the stock of the Chicago, Burlington and Quincy Railroad—is that right? A.—Yes.

Q.—The bonds were joint bonds of the Northern Pacific Railroad and the Great Northern Railroad? A.—Yes.

Q.—And these bonds were secured by the stock of the Chicago, Burlington and Quincy Railroad? A.—Yes.

Q.—Now, tell me what the transactions were on the part of the Equitable after this division of its participation? A.—The Equitable paid out on two dates money amounting to three—they paid out on May 16, $150,000 at par; on July 22, 1901, $187,500 at par; on July 2, the society received back the amount paid out, equal to $337,500 at par, also received interest, July 1, 1902, at the rate of 4 per cent, equalling $13,812 50, and, in addition, a profit on its participation of $500,000 of $7,728.

Q.—Now, when a call was made upon this syndicate participation which the Equitable had received, aggregating $1,500,000, and which it divided, retaining for itself $500,000, who paid the amount called for? A.—Each individual participant.

Q.—Now, let us see. On May 14, 1901, the first call was made for 10 per cent, wasn't it? A.—Yes, sir.

Q.—And 10 per cent of the entire participation of $1,500,000 would be $150,000. You have the letter, I think, May 14, 1901, calling that 10 per cent? A.—(Witness examining papers)—Yes, sir, here is the letter, calling——

Q.—For 10 per cent; that is the first call? A.—Yes.

Counsel offers the letter in evidence:

J. P. Morgan & Co., No. 23 Wall-st.
New-York, May 14, 1901.
Equitable Life Assurance Society, New-York.

Dear Sirs: Referring to the Chicago, Burlington and Quincy purchase syndicate agreement, dated April 25, 1901, to which you are a subscriber for $1,500,000, we now request you to pay us at our office, No. 23 Wall-st., on or before Thursday, May 16, 1901, the sum of $150,000 on account of your said subscription. Yours truly,
J. P. MORGAN & CO., Syndicate Managers.

SOCIETY MEETS ENTIRE CALL.

Mr. Hughes now proceeded to emphasize the next significant point—that the Equitable not only took the whole participation and then divided it, but that it put up all the money to carry the whole transaction, that is, for itself and for the "associates." The cross examination continued:

Q.—In response to that call the Equitable paid the whole $150,000, did it? A.—Yes, sir.

Q.—Did the other corporations and persons to whom the Equitable had transferred interest in its participation then pay the Equitable any part of the amounts which had been called for? A.—I will have that looked up; I haven't the facts here. That entry for interest seems to be their payment of interest on the moneys advanced, 4 per cent. I will have that looked up.

Q.—When a moment ago you stated that the various individuals paid their shares of the calls; that is, the individuals and corporations to whom the Equitable had transferred parts of its interest, you were under a misapprehension, were you not? A.—I was speaking from what appeared to be the record, which apparently was false.

Q.—But as a matter of fact, the Equitable, having received a participation of $1,500,000, paid the entire amount of the call, and the persons who had received parts of its participation did not pay any of the calls? A.—Not directly to J. P. Morgan & Co.

Q.—Nor to the Equitable? A.—Well, that we will look up and see.

Q.—That you are not sure of at the moment. Now, the next call that was made was for 12½ per cent on July 19, 1901, was it not? A.—Yes, sir. (Witness produces a paper.)

Counsel offers the said paper in evidence, as follows:

J. P. Morgan & Co., 23 Wall-st., New-York, July 19, 1901. Equitable Life Assurance Society. C. B. and Q. Purchase Syndicate. Dear Sirs: Referring to the C. B. and Q. Syndicate agreement, dated April 25, 1901, to which you are a subscriber for $1,500,000, we now request you to pay us at our office, No. 23 Wall-st., on or before Monday, July 22, 1901, the sum of $187,500 on account of your said subscription. In making payment please present our receipt for your first payment, in order that we may start the second payment there. Yours very truly,
J. P. MORGAN & CO.,
Syndicate Managers.

SECOND CALL PAID BY EQUITABLE.

Q.—That entire amount, $187,500, was paid by the Equitable? A.—Yes, sir.

Q.—These payments were made on, respectively, May 16 and July 22, 1901? A.—Yes, sir.

Q.—And on July 2, 1902, the Equitable Life Assurance Society got back from J. P. Morgan & Co. the whole $337,500, with interest, did it not? A.—No, it got back the whole amount.

Q.—No, it got back the whole amount? A.—Yes, sir; it got back the whole amount.

Q.—Also received on July 1, 1902, interest at 4 per cent, amounting to $13,822 50. From whom did they get that? A.—I will have to look that up. That is what I believe they got back from the other participants.

Q.—That would imply that the other participants were paid interest on the whole $337,500, as at first the Equitable Life Assurance Society retained one-third of $1,500,000. It is hardly supposable that they paid interest with that interest received from the syndicate managers? A.—I will have to look that up, Mr. Hughes; I do not like to testify about something which is rather mixed up.

Q.—No; I understand that you are not testifying from your own personal knowledge of the participation, but you are looking these matters up from the records of the society? A.—Yes, sir.

Q.—Now, the society, in addition, got money back which it paid in these items of interest—not profit—$7,700? A.—Yes, sir.

Q.—Have you the letter accompanying the check? A.—Yes, sir.

Mr. Hughes—I offer it in evidence and will read it:

J. P. Morgan & Co.,
No. 23 Wall-st., July 1, 1902.
To the Equitable Life Assurance Society: Chicago, Quincy and Burlington Purchase Syndicate.

Dear Sir: Referring to our communication of June 26, we desire to inform you that the syndicate is closed and the account made up. The amount of this syndicate is $75,000,000, of which your participation is $1,500,000. You have previously paid us $337,500; the profit on the account to date is $1,850,000, your share of which is $37,500. The total amount due you is $374,500.

Upon presentation of the syndicate receipt at our office, properly indorsed, we will hand you a check to your order for the above amount. Yours very truly,
J. P. MORGAN & CO.,
Syndicate Managers.

Q.—Now, inclosed in that letter was a check to the Equitable Society for $37,500, was there not? A.—I presume so.

Q.—In the statement you prepared for me you show a profit to the society of $7,729. How is that? A.—That is what appears on the books under the heading of this syndicate.

Q.—Who got the other $29,000? A.—We will ascertain from our books how the $29,000 was divided.

PAID HIGHER MARKET PRICE.

Mr. Hughes then reviewed a long series of purchases by the Equitable in the open market of these Chicago, Burlington and Quincy bonds, aggregating nearly $2,000,000, the purpose of this being to show that the Equitable, instead of being able to keep all the $1,500,000 bonds it originally subscribed for, by turning the majority of these over to its officers, was forced, if it desired to invest in this security, as it did, to go out and buy them at a much higher figure. The examination of this point follows:

Q.—What amount of the Chicago, Burlington and Quincy joint 4s we have referred to are now owned by the Equitable Life Assurance Society? Perhaps you can refer to the published report of December 31, 1904, for that. I find on that date that the Equitable held in par value $2,305,000 of their issue of bonds, and the $2,305,000 had been applied from time to time by the Equitable down to that date, but largely in 1901 and 1902? A.—Yes.

Q.—So that it was a security which the Equitable was willing to acquire and hold? A.—It was and is.

Q.—To an amount not only equal to the participation originally allotted to it of $1,500,000, but to an amount far in excess of that. A.—Well, at the time they took the allotment they may not have been willing to purchase any more than they did.

Q.—That we can only conjecture about. That, of course, neither you nor I know what was in their mind at that time, but it appears they did subsequently purchase $2,000,000 of these bonds? A.—Yes.

Q.—And, so far as the facts show, we see no reason for the Equitable Life Assurance Society parcelling out the interest allotted to it; it does not appear because they didn't want to have a larger interest in those bonds. A.—That is a conjecture.

Q.—So far as you know, there is nothing to support that view? A.—No.

Q.—Was this matter before the Frick committee? A.—I don't know if it was called for. The Frick committee made calls for specific information; whatever they called for they got.

Q.—So that you don't know whether in fact it was before them or not? I believe it is not mentioned in their report. A.—And then they probably didn't ask for it.

DIVISION OF DEAL NOT AUTHORIZED.

The examination of Mr. Winthrop on this C., B. & Q. transaction was resumed after the noon recess as follows. Mr. Hughes asked:

Q.—I asked you if you could refer to any action by the executive committee of the finance committee of the Equitable Life Assurance Society authorizing or approving any assignment of its participation and division of its participation in the Chicago, Burlington and Quincy syndicate transaction? A.—I find no such resolution on the minutes.

Q.—Have you found any other papers otherwise than the mere list which recites the transfer? A.—We haven't looked through the copy books yet. We have a letter from Mr. Squire in relation to the matter.

Q.—Have you been able to find out whether a check for $37,000 profits was deposited to the credit of the society? A.—We found that Mr. Squire had written a letter inclosing a check for $7,729 17 on the Equitable's participation of $500,000. That was on July 2, 1902.

It was brought out that the amount would have been $11,233 33 had not $4,604 15, representing interest at 4 per cent, been deducted. It was also developed that when the firm of Morgan & Co. returned the $337,500 which it had received from the society on two calls, it paid $13,812 50 interest, making the amount received by the society from the firm of Morgan & Co. $351,312 50. Mr. Hughes resumed:

Q.—Three hundred and thirty-seven thousand, five hundred dollars was returned which the Equitable society had paid out on call of J. P. Morgan & Co. Did J. P. Morgan & Co. make out the check to Mr. Squire? A.—I don't know.

Q.—Is it your idea that the Equitable got the payment and turned over that check to Mr. Squire? A.—Presumably.

A.—Plus the $13,812 50 interest at 4 per cent, and gave the total to the Equitable? A.—Yes.

Q.—That amounted to Squire paying interest at 4 per cent on the call? A.—Yes.

Q.—Then Mr. Squire took the check for $37,600 profits, paid one-third of that and 4 per cent interest on the other two-thirds, so that the Equitable put up the money called for on the shares of participation of the various individuals and companies interested and subsequently received back its money, with interest, with its third of the profits, whereas the other parties got the profits on their money, less the 4 per cent interest on the amount paid by the Equitable? A.—Yes.

Q.—Instead of the Equitable making a division of profits, the company turned over the check to Mr. Squire and let him make the division? A.—Apparently.

SQUIRE'S DOUBLE OFFICE.

Earlier in the day an interesting point was made by Mr. Hughes in the transaction involved in a sub-participation of the Equitable in a Union Pacific syndicate, deriving its bonds from the Mercantile Trust Company. The point was considered as indicating the relation of George H. Squire to both companies.

Q.—Then I understand that Mr. Squire as treasurer of the Mercantile Trust Company, after having written to General Fitzgerald for a payment by the Equitable Life Assurance Society of $600,000 of this participation, then signs the voucher for the payment as an officer of the Equitable Life Assurance Society—that is, for the payment for the $600,000? A.—As a secretary of the committee. He was never an officer.

Q.—As secretary of the committee? A.—Yes, sir.

Q.—Of course that is a minute of the actual transaction by the committee? A.—Presumbaly; yes, sir.

Q.—Those are all the records on that transaction? A.—Yes, sir.

Following this transaction Mr. Hughes ran through a long list of syndicates, in many of which allotments of the Equitable were through Squire, or Hyde, as "associates" and in which James W. Alexander was an associate. The other typical "and associates" transaction was that in the Pennsylvania coal purchase syndicate, in which the following individuals or companies participated:

Four hundred and fifty bonds, Equitable Life, amount, $750,000; first payment, January 15, 1901; amount due, $416,250.

Sixty bonds, William A. Wheelock, $100,000; first payment due January 15, 1901; amount due, $55,500.

Sixty bonds, General Fitzgerald, $100,000; first payment due January 15, 1901, $55,500.

Sixty bonds, William Hartley, $100 000; first payment due January 15, 1901; amount due, $55,500.

Sixty bonds, James W. Alexander, $100,000; first payment due January 15, 1901; amount due, $55,500.

Sixty bonds, George H. Squire, $100,000; first payment January 15, 1901; amount due, $55,500.

Sixty bonds, C. M. Depew, $100 000; first payment due January 15, 1901; amount due, $55,500.

Fifteen bonds, T. De Witt Cuyler, first payment due $125,000, first payment January 15, 1901; amount due $55,875.

Forty-five bonds, C. P. Alexander, $75,000; first payment, January 15, 1901; amount due, $41,625.

One hundred and twenty bonds, Mercantile Trust Company, $200,000; first payment, January 15, 1901; amount due, $111,000.

Sixty bonds, Commercial Trust Company, $100,000; first payment, January 15, 1901; amount due, $55,500.

Sixty bonds, Western National Bank, $100,000; first payment, January 15, 1901; amount due, $50,500.

Forty-five bonds, Franklin National Bank, $75,000; first payment, January 15, 1901; amount due, $41,625.

Forty-five bonds, Girard Trust Company, $75,000; first payment, January 15, 1901; amount due, $41,625.

Total, 1,200 bonds, $2,000,000; total amount due, $1,110,000.

An almost endless mass of testimony was taken on a large number of other syndicate operations, involving many of the features illustrated by the foregoing. The most important point shown otherwise was that of several direct sales of bonds or of syndicate participation by Kuhn, Loeb & Co., to which firm Jacob H. Schiff belongs, in seeming contradiction to Mr. Schiff's testimony before the Superintendent of Insurance, but it is believed that Mr. Schiff will be able to clear these points satisfactorily when he takes the stand to-day or to-morrow, the obvious explanation being that these items escaped his notice.

NO MORE FOR CAMPAIGNS.

President McCall's Statement to Agents—Urges Resolution.

John A. McCall, president of the New-York Life, in a statement issued to his agents under date of September 26, declares that at the next regular meeting of the board of trustees he shall ask the passage of a resolution "which will make it clear to every policyholder and to the public that the New-York Life will never contribute money to any political organization for any purpose whatever."

President McCall's statement is apropos of his testimony before the legislative committee as to the New-York Life's contributions to the Republican National Committee. After restating a portion of his testimony, President McCall continues:

My testimony shows further that this company has never, within my knowledge, except in the three instances named and for the reasons and purposes stated, contributed a dollar to any campaign fund of any party in any election, general or local.

It goes without saying that the business of this company is not politics under any guise. The policyholders represent all political parties, the agents of the company are drawn from all political organizations, the officers and home office employes represent all shades of political belief; and aside from all that neither the policyholders, nor agents, nor officers, nor employes are associated together for any political purpose.

The contributions made in the years in question had no reference whatsoever to politics. They were made to meet a danger that arose in a great crisis in the economic development of the country. They were made to help kill free silver, which, if adopted, meant the destruction of property belonging to the policyholders of this company. The contributions were made equally for the protection of Republicans and Democrats, equally for the protection of the policyholders in Canada, Mexico, Europe, South America and other parts of the world.

The contributions have been called "political" by some people because they were made through a political party. They were made through a political party solely because it was not possible otherwise to reach the danger that menaced our assets. This company under my administration has never made a contribution for "political" purposes, nor will it ever do so. Answering a question by the investigating committee on this point I said: "If you ask me whether I think it is right to take insurance moneys and devote them to political campaigns, I answer, No, a thousand times, no!"

Now, as to the future:

The gold standard has been irrevocably adopted.

Therefore, the question of similar contributions cannot arise again during this or any subsequent administration of the New-York Life.

However, in order definitely to express and fix the company's position I shall ask the board of trustees at its next regular meeting to pass a resolution which will make it clear to every policyholder and to the public that the New-York Life will never contribute money to any political organization for any purpose whatever.

Further interesting disclosures as to Equitable syndicates, as well as to the society's so-called "yellow dog fund," are expected to-day when Henry Rogers Winthrop and Henry Greaves resume testimony before the legislative insurance committee. It is doubtful whether Jacob H. Schiff will take the stand before to-morrow.

Great interest was expressed in insurance circles yesterday as to the nature of Mr. Schiff's testimony. George H. Squire, jr., talking from his home in East Orange, N. J., to a Tribune reporter last night, disavowed any recollection of the "Rope and Twine" transaction mentioned in the testimony of Mr. Winthrop and Mr. Greaves.

"I have no recollection of the affair," said Mr. Squire. "Hundreds of such transactions pass through a broker's office nearly every day."

Twenty-two members of the board of directors of the Equitable attended the monthly meeting held at No. 120 Broadway yesterday. President Paul Morton submitted a letter from Nicholas Murray Butler, president of Columbia University, declining to serve as a director of the Equitable. Dr. Butler in his letter said:

With full appreciation of the honor conferred in choosing me to be a director of the Equitable at the present time and under existing circumstances, and with every desire to help you in your task of restoring the confidence of tens of thousands of policyholders in the administration of the society, my academic duties are of such a character as to prevent absolutely my acceptance of the directorship.

No suggestion was made at the meeting as to the filling of Dr. Butler's place, and the Café Savarin affair was not mentioned.

PRESIDENT BUTLER'S ADDRESS.

In his address at the opening exercises of Columbia yesterday, President Butler said:

Just now the American people are receiving some painful lessons in practical ethics. They are having brought home to them with severe emphasis the distinction between character and reputation. A man's true character, it abundantly appears, may be quite in conflict with his reputation, which is the public estimate of him. Of late we have been watching reputations melt away like snow before the sun; and the sun in this case is mere publicity. Men who for years have been trusted implicitly by their fellows and so placed in positions of honor and grave responsibility are seen to be mere reckless speculators with the money of others and petty pilferers of the savings of the poor and needy. With all this shameful story spread before us it takes some courage to follow Emerson's advice not to bark against the bad, but rather to chant the beauty of the good.

Put bluntly, the situation which confronts Americans to-day is due to lack of moral principle. New statutes may be needed, but statutes will not put moral principle where it does not exist. The greed for gain and the greed for power have blinded men to the time-old distinction between right and wrong. Both among business men and at the bar are to be found advisers, counted shrewd and successful, who have substituted the Penal Code for the moral law as the standard of conduct. Right and wrong have given way to the subtler distinction between legal, not illegal and illegal; or better, perhaps, between honest, law honest and dishonest. This new triumph of mind over morals is bad enough in itself, but when, in addition, its exponents secure material gain and professional prosperity, it becomes a menace to our integrity as a people.

Senator Chauncey M. Depew could not be communicated with at his home up to a late hour.

In the insurance article printed in yesterday's Tribune it was declared that "in addition to calling Richard A. McCurdy, it is understood that his son, Robert A. McCurdy, will be called before the committee to explain the matter of commissions. . . . Mr. McCall is reputed to receive a percentage on all foreign business of the company as a perpetual bonus on successful work accomplished on a recent trip abroad."

As the context shows, "Mr. McCall" should, of course, have read "Mr. McCurdy."

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DOOLEY KEEPS WORD.

Six of the Women Warned Tuesday Arrested.

True to his word to arrest those whom he warned Tuesday night who remained in the precinct twenty-four hours, Captain Dooley last night arrested six women and marched them through the streets to the station house, where five of them were charged with keeping disorderly houses and the sixth with being an inmate of one. The women were arrested in raids made by the staffs of the captain and Inspector Schmittberger.

Word of the raids passed rapidly through the precinct. Warnings were sent to many houses and the word was passed that the twenty-four hours of grace was over. There was a hurry call for moving vans, but the general impression at 10 o'clock was that the police would arrive at several more places before the vans got there.

Inspector Schmittberger said last night:

Captain Dooley and I have walked through the precinct to-night, and we find that the warning given by us has produced good results. We found no disorderly women on the streets. The women arrested to-night were arrested only after we had secured all the evidence needed against them. We are after the low places now—the places where visitors are in danger—and the keepers of these we will drive from the precinct.

NEW FOE FOR TAMMANY.

Ex-Interborough Employes Forming Endless Chain Vote.

Two hostile bodies of laboring men, at least, are working to defeat Tammany in the coming municipal election—the men who lost their jobs as the result of the failure of the strike in the subway and on the elevated lines last spring and the wagon drivers who are now on strike against the contractor who hauls the United States mails from the Postoffice.

In both cases the endless chain method is being pursued. One man undertakes to get five friends to vote against Tammany. Each of these five in turn undertakes to get five of his friends to vote against Tammany, and so on. Already, according to the leaders of this endless chain enfilade directed against Mayor McClellan and Charles F. Murphy, 5,000 voters have promised to cast any ballot but that of Tammany, and they assert that by election day 15,000 men will be ready to knife the McClellan ticket.

The motive for this effort to defeat the re-election of McClellan is the same in both cases. The former employes of the Interborough and the striking mail wagon drivers want revenge. August Belmont, the old elevated and subway men say, when the Interborough strike was declared, went to Charles F. Murphy and told him he wanted the police not only to protect the strike breakers, but practically to assist in running the trains. Murphy, they maintain, told Mayor McClellan to see that this was done, and the Mayor gave the orders, which Police Commissioner McAdoo saw were carried out. Andrew Freedman, a director in the Interborough, who could have used his influence in Tammany Hall to stop this, did not lift his finger in the interests of men who had always voted the Tammany ticket.

The mail drivers assert that, as in the subway and elevated strike, Tammany, through Commissioner McAdoo, is employing the police, practically, to drive the mail wagons. Policemen, they say, actually handle the reins and back the horses up to the Postoffice platform.

Tammany, the former traction employes say, is planning to have those strike breakers brought here by Farley who are still working for the Interborough vote on Election Day. Strikers who regained their jobs have made a list of these strike breakers and tabulated their pedigrees. On Election Day there will be men at the polling places with these lists, and when a strike breaker who is not entitled to vote appears he will be challenged, and, if possible, prosecuted. Most of the strike breakers, it is well known, came here from Pittsburg, Chicago and St. Louis.

This movement is being led by men who have heretofore worked with might and main for Tammany.

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