

MORE "LEGAL EXPENSES."

AIDED SMALL COMPANIES.

Right Lawyer Changed Insurance Department "Atmosphere."

The insurance investigation yesterday developed new trails of Albany "legal" expenses. There were two separate instances of this familiar procedure. The employment of ex-Deputy Attorney General Hogan, of the law firm of Hancock, Hogan & Deane, of Syracuse, to appear before the Insurance Department, while "Lou" Payne still ruled there, changed a "chilly" atmosphere to a pleasant one or the Bankers' Life. Richard Morgan, of this company, who testified concerning this, recalled the fact that, with Julien T. Davies as counsel, his company had failed to procure a policyholder's consent, but on the suggestion of a policyholder, Mr. Hogan was employed. Then there was a complete change, and Hogan received a \$2,000 fee and the company effected a compromise with the department.

A payment of \$2,000, of which the Germania Life supplied \$500, to William H. Buckley was also disclosed. This was to obtain the passage of a bill which Mr. Buckley, who has been a member of the New York Stock Exchange to the extent of \$1,500,000 and in other capacities for smaller sums, handled this money, and the bill, which had been introduced by ex-Senator Marshall, of Brooklyn, for two years and failed, in 1904, after the payment of the money, was successfully passed. Senator Armstrong suggested that the bill went through on his merits, and that the persons putting it through were "buncoed." But the witness explained that the bill had twice failed, and that it was worth the price. He even suggested that \$100,000 would have been paid if asked. Buckley has been successful so far in eluding process servers who have sought him in Albany. He is said to be in Canada. He has been identified as associated with other of the various legislative agents in the same profession, and is said to be in the employ of the State Insurance Department under Payne.

GAVE \$300 TO DEFEAT BILL.

Another payment of the Germania Life which attracted attention was a contribution of \$300 to a fund to defeat the Mortgage Tax bill, which was passed, despite general opposition, last year. Members of the legislative committee who approved of his bill pressed the introduction of this evidence in this subject for the obvious purpose of stirring public sentiment to defeat any effort at repeal next session. After the subject had been discussed for some time E. L. Baylies, treasurer of the Mortgage Tax Interests' Association, took the stand and the witness testified that \$250 had been raised by his association to fight this measure. He produced an account showing that the money had been expended largely in circulars against the measure, upward of \$100,000 for advertising and postage alone. He showed \$300 went for legal expenses of attorneys throughout the State, while the Germania Life expended by Mr. Morgan, Mr. E. Van Ingen, who represented the association at Albany, of his latter sum Mr. Baylies testified Mr. Van Ingen received between \$4,000 and \$5,000 in remuneration for his legal services. The advertising expenses included considerable regular newspaper advertising. B. Aymar Sands was also called, but confined himself to confirming Mr. Baylies' testimony.

The money was raised largely from real estate agents from banks and bankers, from individual lenders and borrowers, from builders and trust companies. Only two insurance companies, the Germania Life and the Metropolitan Life, contributed. Each of these gave \$500.

Apart from these incidents, the main interest of the day's proceedings lay in the plea for Thomas Ryan made by President Morgan. Ryan's testimony regarding the purchase of the insurance company by the Morton Trust Company through Mr. Ryan's sons as brokers. He did not change the facts of the case beyond adding another to the Ryan stocks that the insurance company had purchased, a \$100,000 deal in Louisville, Memphis and Louisiana and declaring that the purchase of American Tobacco, testified yesterday, was associated with the insurance company. Paul D. Craswell, Mr. Ryan's counsel, listened to this testimony, as did William N. Amory, who figured in the deal suit against H. H. Vreeland, after an attack in Ryan interests several years ago. Mr. Tatlock insisted that Mr. Ryan had had nothing to do with the investments, and justified the stock purchases as characteristically speculative. The speculation was contradicted by another insurance official later.

BANKERS' LIFE'S TROUBLES.

The episode in which the State Insurance Department was concerned was supplied in the testimony of Richard Morgan, of the Bankers' Life. In 1898 the company got into difficulties with the department over its cash surrender values. There was a long war. The insurance company engaged E. L. Baylies, and he was called by Mr. Davies, as counsel, and with Mr. Morgan to Albany. Mr. Morgan and Examiner Vanderpool, of the Insurance Department, and D. Rider Cady, chief of the department, and the difficulty was promptly settled. Hogan received \$2,000 for his services, and the company covered a considerable period. Mr. Morgan testified that the interesting fact that Henry B. Townsley, president of the American Tobacco Company, was suddenly dismissed from the Bankers' Life for objection to policyholders in sending out a circular to policyholders, and calling for proxies, when the board of directors knew nothing about the matter.

LIKES GERMAN BUSINESS.

The testimony of Cornelius Doremus, president of the Germania Life, was mainly interesting, as it supplied the fact of the payment of \$500 to the fight against the Mortgage Tax bill, and \$300 for the fight against the insurance bill. This latter payment was made to E. C. Potter, a real estate man, who subsequently testified that the money ultimately reached William H. Buckley. Aside from these payments nothing of interest or of questionable character was disclosed regarding the Germania Life. Mr. Doremus, in one stage of his examination, explained that his company had never had any difficulty with that government. "It is the character of the business in Germany," Mr. Hughes asked the witness. "It is better in every respect, was the frank answer, and it costs less, and remains longer." Mr. Hughes continued. "Why is that? A. They haven't been here long. Q—What do you mean by wild methods? A—They don't mind paying for business. Q—Does relating it to you there? A—No; I don't think it is known at all. Q—Has he never been carried over there from here? A—I think not. Q—It is indigenous to this country? A—Yes, and it is never so prevalent in this country as it is today. It is the desire of every one to get to the top of the heap. Q—Is there any way of stopping it? A—Not that I know of.

The examination of the Bankers' Life will continue when the committee meets this morning. If K. Stokes, who is expected to be the subject of adjournment, will probably be the first witness.

MUTUAL CLERK APPEARS.

Has Not Been Hiding—Quest of A Fields Fails.

Rumors of further resignations in the New York Life and the Mutual were denied yesterday from authoritative sources. President P. M. Cromwell of the Mutual declared positively that there were to be no further vacancies in the executive staff of his company. He said there was no truth in the report that Mr. Peabody made it a condition that the heads of departments should give him their resignations. Thomas P. Fowler, chairman of the house-cleaning committee of the New York Life, said that Mr. McCall's resignation was not in his hands, nor so far as he knew, in the hands of the trustees. The committee held a meeting in the offices of the company in the Hanover Bank Building. Lawyers and experts were present and received definite instructions regarding the investigations. After the meeting Mr. Fowler said that the next regular meeting of the committee would be held on the second Wednesday in January, and that no special meeting had been called, or would be so called, he had heard.

John C. McCall, with whatever statement he received from "Judge" Hamilton, is due here on Saturday from Europe and will report to his father. It is probable that he will be called to the stand by the Armstrong Committee to tell what he knows about Hamilton, besides handing in the report. This report is expected to show how much of the \$235,000 "yellow dog" fund the elder McCall will be called upon to pay by December 31, to make good his promises.

The sessions of the committee will be finished in this city unless there is a change in the present plans. Senator Armstrong said yesterday: "The committee will end its work in this city—I do not say complete, for we will probably be caught by our picks in the air."

Because of the pressure of work there is little probability that either Thomas F. Ryan or ex-Governor Morton will be called to the stand to explain the transactions of the Washington Life in the stock market.

In seeking information for the legislative committee the New York Life has been more successful than the Mutual. The Mutual sent to California to find A. Fields, and Mr. Cromwell said yesterday that the messenger had returned two weeks ago. "He searched every sand hill in California," Mr. Cromwell said, "and could find neither hide nor hair of him."

Mr. Cromwell told about the disappearance and return of Julius Heye, the Mutual bookkeeper, and the books that were said to have disappeared. According to Mr. Cromwell, the books disappeared first. Heye, it was said, went because he feared being put under the screws by the Armstrong committee, when, in reality, he was absolutely innocent.

"Heye is a good old man," said Mr. Cromwell. "He has not run away. In fact, he is at his desk here to-day. He has been on leave of absence, and was only half an hour from the city. I did not know anything about him until this affair came up, and then I asked Mr. Sads for a report on him. He said that there was no man in the employ of the company who was more absolutely trustworthy, and that he was the last man in the world to be concerned in anything dishonest."

"He went away before I became president. Yesterday I went to Mr. Truesdale and said, 'this man has not run away. He is within half an hour of New York. We would better have him back here to testify to-morrow.' That was agreed to and I ordered Mr. Heye back here this morning. He will be here every day."

BOOKS DISAPPEARED FIRST.

"He was going to be retired on a pension at the end of the year, was he not?" was asked. "Yes, and will still, if I have anything to do with it. He is seventy-five years old, and deserves a pension if ever any man did. My understanding is that the books disappeared a long time before Mr. Heye went away. They were merely records of stuff that had been sent out from the supply department. I do not know whether they would show any legislative disbursements. They were not under Heye's charge, and you can guess as well as I can who did take them. When a man has done all the things that this fellow Fields has done, he would be a fool if he did not get them out of the way, if he had it in his power."

The Truesdale committee had Heye under examination for about an hour yesterday. When he emerged from the room he said: "They were very nice to me, and treated me most kindly." James B. Dill, counsel to the committee, was not present, but it is understood that the members of the committee learned that the books were practically worthless, so far as Heye knew.

When he came out of the committee room he said: "As soon as we began our system of book-keeping two years ago those books were tossed aside as worthless. I don't know just what years they did cover, but if I had kept all the books that had been in my charge in the last twenty-six years I would have a stack twenty feet high. The books were in my care to the same extent that other books in which I make entries were. They were ledgers and day books containing entries of shipments of supplies to the various departments. I don't know whether they disappeared before Fields went away or not. I went away myself about six weeks ago, and have been travelling about the country. A few days ago I went to New Jersey, but I have been in California, and I have not seen Fields, nor do I know where he is. I was not the messenger who was sent to California to look for him."

W. F. KING'S SUGGESTIONS.

William F. King has sent out a circular letter on the subject of policyholders voting for trustees of life insurance companies and offering the following suggestions: First—Print in form for circulation annually the list of policyholders entitled to vote (as the lists are copied voters are sent in this city), file a copy of this list with every agent, and the principal agency offices of the company, accessible to every policyholder, to whom the list shall be mailed on request. Second—Publish the names of trustees in a paper of general circulation in every State; mail a copy of the notice (with the usual premium notice, if saving of postage by sending to every policyholder in advance of the election). Third—Provide by law, which shall have the force of a charter amendment, that in every company conducting business, the plan there shall be two trustees of trustees, which we will describe for convenience as "general trustees" and "directors." Fourth—Give the policyholders residing in each State the right to elect their number of "general trustees." The votes can be cast

in person or by mail at the most centrally situated agency of the company within the State, the ballots to be counted and the result certified by two local policyholders designated for that purpose by the directors of the company, prior to the election. Fifth—"The general trustees" thus chosen shall meet on the date of the company's annual meeting and elect the directors of the company from among the company's policyholders, regardless of residence, but with sole regard to their personal standing, business qualifications and ability to attend the meetings of the directors.

TO HOLD INSURANCE CONFERENCE.

State Officials Will Meet in Chicago to Obtain Uniform Legislation.

Madison, Wis., Dec. 20.—Insurance Commissioner Zeno M. Host announced to-day that a conference of governors, attorney generals and insurance commissioners would be held in Chicago February 1 to discuss the regulation of life insurance companies and to attempt to provide for uniformity in legislation. Bills will be prepared for introduction in State legislatures embodying these propositions: First, a short period of accounting by companies; second, to limit the expense of new business; third, to bring policyholders in closer touch with the companies.

The Chicago conference is the outgrowth of a conference in New York by insurance commissioners of several States, who also conferred with the New York Legislative Committee and had an audience with President Roosevelt. The President, it is stated, agreed fully as to the desirability of the enactment of the propositions, and will suggest that the District of Columbia lead in the work.

REPUBLICANS WROTH AT BERMEL.

After Electing Him, They May Have to Yield Places to Democrats.

Republican leaders in Queens were all at sea yesterday over the report that Borough President-elect Joseph Bermel would appoint only Democrats to office. Mr. Bermel was elected by the Independent Democrats, the Republicans and Municipal Ownership League. He promised to divide the patronage among the three organizations.

Ex-Sheriff Joseph H. De Braga, of Evergreen, was selected by his party for Commissioner of Public Works, but Mr. Bermel decided to give that place to George L. Glaser, a lawyer who was Bernel's counsel while the latter was supervisor of the old town of Newtown. Then De Braga was named for the position of Superintendent of Sewers, but it was reported last night that Bermel had decided not to give any position to De Braga owing to the stand taken by the ex-Sheriff and his friends in the organization of the new Republican county committee.

De Braga was a candidate for the chairmanship of the county committee and was defeated by Leander L. Fisher, of Jamaica. Bermel's friends said last night that he had decided to appoint Lawrence Gresser as his private secretary and to give the other places at his disposal to Democrats. James P. Hickey, of Long Island City, will be Superintendent of Highways, and Charles Wissel, of Newtown, once Democratic leader in Queens, will be made Superintendent of Street Cleaning. The Assemblyman Theodore P. Wilsnack, of Richmond Hill, is scheduled for the position of Superintendent of Buildings, and Carl Berger, of Newtown, will get the post of Superintendent of Public Buildings.

Thomas P. McGraw, confidential clerk to Borough President Cassidy, is to hold over, as he was a Bermel man in the last campaign. George J. Gable, private secretary to Mr. Cassidy, is said, will get a comfortable place in the Controller's office.

The Democratic district captains in Queens Borough and the heads of the borough bureaus said farewell to Borough President Cassidy last night with a beefsteak dinner at the Robinson House, in Borden-ave., Long Island City.

PENSIONS FOR RAILROAD MEN.

N. Y. C. and Other Lines Decide to Reward Old Employees.

At meetings of the board of directors of the New York Central, Lake Shore and Michigan Southern, the Michigan Central and the Cleveland, Cincinnati, Chicago and St. Louis railroads yesterday each of these companies decided to establish a pension bureau to take care of faithful employes who have been in the service of the company for many years and are no longer fitted for active duty.

To carry out this plan Vice-Presidents Brown and Carstensen, General Managers Marshall, Smith, Schaff and L'Honnemelle and Mr. Deems, superintendent of mechanical department, were appointed a committee, to be known as the board of pensions, for the establishment of rules and regulations for operation of the pension fund and the conditions under which allowances therefor may inure, together with the date when the pension allowances will become effective.

MOBILE AND OHIO TO CHICAGO.

Fast Trains Over the Big Four Lines Will Cut Time and Distance.

Mobile, Ala., Dec. 20.—One of the greatest railroad combinations in the South has been made public through the announcement by Colonel E. L. Russell, vice-president of the Mobile and Ohio Railroad, that his line has formed a traffic arrangement with the Big Four system which will enable the Mobile and Ohio to run through trains from this city to Chicago by the way of Cairo, Danville and Kankakee, Ill., over a route which, it is said, will be forty-two miles shorter than the Illinois Central between the same points.

PHYSICIAN'S WIDOW GETS \$25,000.

(By Telegraph to The Tribune.)

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