

Creel Drops Two Divisions From Payroll

Lack of Desired Funds Costs Many Workers Their Jobs

Women's Activities and Features Cut

Two Assistants to Get Commissions; Two Sent Here

(Special Dispatch to The Tribune)

WASHINGTON, July 9.—The refusal of Congress to supply George Creel with all the funds he sought for the operation of the Committee on Public Information, together with Representative Madden's resolution which provided that none of the appropriation was to be used in payment of employees within the draft age unless rejected for military service, has caused the curtailment of the Administration's news and propaganda organization.

Chairman Creel to-night served notice on the employees of the Woman's War Work Division that Saturday would be their last day on the committee payroll. Efforts have been made during the past ten days to provide other berths for the men of draft age who have been affected by the Madden resolution.

Inquiries of the committee failed to disclose what methods Chairman Creel was employing to reduce his organization to fit the pocketbook provided by Congress. Creel himself abruptly declined all inquiries with the statement that he did not desire to discuss how he would bring about the enforced curtailment. Later he related and issued a formal statement, in which he declared that he was "bowing to the will of Congress and that he had not sought deferred classification for men in the bureau except in three instances, one of which was the case of Carl Boyer, his personal assistant.

Will Irwin Goes Abroad

Will Irwin, in charge of the division on propaganda, recently has separated from the committee to return to Europe to resume work as a correspondent.

Assistant Director Boyer is to go to New York and come under the class of those paid through the president's fund. Kenneth Durant, formerly assistant in charge of the news division, likewise is to be given a berth with the New York office. I. E. Rubel and H. Hecht, who have been at the head of the picture division, also are slated for commissions in the army, with the division of military aeronautics.

Secretary Baker has announced that commissions no longer will be issued to men of draft age, exception is to be made in the case of Rubel, who is to be given a captaincy, while Hecht is said to have been approved for a first lieutenant.

Other methods of meeting the provisions of the Madden amendment practiced by the committee have been to procure the transfer of employees from the committee to other departments of the government, in reportorial capacities, although the committee consented to send them away through their product will be furnished the press.

Chairman Creel's statement in explanation of these changes follows: "Congress has cut the appropriation for domestic work from \$2,988,000 to \$1,250,000. This of necessity has compelled a curtailment in activities, as well as a reduction in personnel.

Women's Division Discontinued

"The Division of Women's War Work has been discontinued. Also the Division of Syndicate Features. "I do not contemplate other organizational changes, although many plans will have to be given up entirely or else narrowed down.

According to the Madden amendment none of the committee's appropriation is to be used for the payment of salaries to the men between the ages of twenty-one and thirty-one save in the case of those exempted for physical disability. This affected forty-two men, although the majority were all in deferred classification by reason of dependents. I did not try to have this amendment changed in degree and am abiding by it absolutely.

"In the division of foreign educational work, which operates from the President's fund, I am leaving the direction of Congress, even though the amendment has no application there. Only in three instances has a deferred classification been requested, the principal one being that of Carl Boyer, who has charge of all our work in connection with the thirty-three foreign language groups in this country, as well as being assistant to the director of the foreign educational work. I have kept Mr. Boyer with the committee over his own protest, because his duties are of the most important, because he has proved his exceptional qualifications and because the work could not be carried on without him."

'Mail' Bought With Part of \$30,000,000 German Fund

DR. E. A. RUMELY IN COURT

Other Arrests In 'Mail' Case Are Expected

Stoddard, who prepared a long statement, giving the history of the publications and asserting that they had been anti-German since the United States entered the war.

When Mr. Stoddard arrived at the office he called the members of the staff together and gave them a short talk. The delivery wagons of the paper were brought before the building shortly after 11 o'clock, but it was not until 12 o'clock that the first edition made its appearance on the street. Crowds of newsboys rushed with bundles of papers to the Brooklyn Bridge, where they demanded three cents a copy. Newsboys appeared eager to see what explanation "The Evening Mail" had to offer for the published stories of Dr. Rumely's arrest.

Attorney Frederick J. Powell, of the firm of Powell, Wymore, Lowrie & Rue, of 165 Broadway, appeared for Dr. Rumely at the arraignment. Mr. Stoddard's attorney, Commissioner Hitchcock, who had just been called in to the case and asked for time to consult with his client. The request was granted, and for a half hour Dr. Rumely was in the presence of Assistant United States Attorney Harold Harper appeared for the prosecution.

When Dr. Rumely was arraigned Mr. Powell gave to the court a copy of the charge by Mr. Harper, who also informed him that his client was accused of perjury in connection with a financial statement made to the Alien Property Custodian.

"We would like to have a day set for a hearing," said Mr. Powell. "Say two weeks from to-day," said Mr. Harper. "That is not fair to me," said Mr. Harper, and Commissioner Hitchcock set the hour at 2 o'clock.

Bail Fixed at \$35,000

Then came the question of fixing bail, and Mr. Harper said: "This man has had the handling of large sums. He has had money in his possession coming from the German government. He has had money in his possession for other purposes. I believe he is a man of large resources, and, as his connection with 'The Mail' is about as great as any man's, I believe he should be adequately protected. I ask that bail be fixed at \$35,000."

"Recently," continued Mr. Harper, "in a case of great similarity, the government held an important prisoner in bail of \$25,000. That man ran away, causing much trouble and the expenditure of considerable money to capture him."

Attorney Powell made a vigorous protest against the high bail asked and reviewed Dr. Rumely's career, which, he said, was not such as to warrant charges were lodged against him. After the attorneys had conferred Mr. Harper asked that bail be fixed at \$35,000, which was the amount of the draft.

Deputy United States Marshal Mead then took Dr. Rumely in charge and placed him in the strong room of the marshal's office. Through the bars Dr. Rumely was seen to be talking to reporters, dictating it and choosing his words carefully. Frequently while talking, as if to emphasize his words, he pointed out the bars with his clenched fist. He was tagged and nervous after spending the night in the Tombs. At times his voice was hardly above a whisper.



The publisher of "The Evening Mail" was arraigned yesterday on a charge of perjury.

petition Washington for liberal terms to the barbarians of Europe.

Bernstorff Got War Loans

Since early in the world war the Department of Justice has had information that many publications have changed hands, and that often no announcement of the fact was made. The records of the department reveal that a great part of the money subscribed in this country to the German war loans before the United States entered the war was deposited to the account of Count Bernstorff and his financial agent, Dr. Albert, for the purchase of newspapers and to pay espionage and propaganda agents.

Who did the schemers of the United States plan to own industrial publications all over the world, but they also intended to establish a great news bureau to send out "made-in-Germany" news to the world. In some of the neutral countries the propaganda work is being openly pushed.

Planned New Paper Here

In February, 1915, the Printers and Publishers' Association was organized in New York by Henry Weismann, of Brooklyn, who was then a pro-German English newspaper. The only reason this plan was not a success at the time was because only half of the required \$1,000,000 was subscribed.

In May of the same year it was openly stated in German circles that the "Staats-Zeitung" would be published in English or an established English paper published. Germans who had contributed to the fund for the establishment of a pro-German newspaper were asked by Weismann to invest their money in another newspaper undertaking. Some consented but most refused.

At the first meeting of the German War Bazaar of Brooklyn, Dr. Albert Weismann was president, at Schwaben Hall, it was announced that Ludwig Nissen, vice president, had given \$250,000 to the "Evening Mail" for the Germans. Weismann proposed at that meeting that Nissen be made honorary president because of his work for the German cause in giving \$250,000 to the fund to purchase "The Mail."

It is expected that the drive against the German controlled papers in the Middle West will start this month.

ment of Justice, and do what you can to get Tridon's Russian trip through. We will stand for anything on the line in the way of grease. (Here he stopped dictating and thought a minute and said: "No, cross that out; write alive instead of grease.") Answer by night letter.

Secrecy Is Urged

A second letter, apparently written to the office in the Department of Justice referred to in the first letter. It is as follows:

Washington, D. C.

"Dear ———: Tridon, old friend of mine, wants to break past the censor and get to Russia at once. I believe he has been notified by you, and you can lose the record temporarily, passport can be issued. The whole thing is up to you. What is the goodwill of 'The Mail' and 'The World' worth to you? Leeds will come to see you. Tell him what you can do. I will see him Saturday, so there will be no letters. Sincerely,

Called Americans Cowards

In an interview published March 26, 1916, Dr. Rumely was asked, in expounding the virtues of Nietzscheanism, delivered himself of the following sentiments regarding his own country:

"In many ways we are the most cowardly of all nations. The moral hypothesis, the puritanical dictate, government, the religious dogma, the law, we are a nation steeped in absurd and lethal idealism. Realism we regard as immoral. Administration has been little more than a sentimental and religious debauch. Our Mexican policy rests entirely upon puritanical platitudes."

Swann Says Rumely Spent \$205,000 on Enemy Propaganda

District Attorney Swann declared yesterday that he had received information alleging that Dr. Edward A. Rumely, indicted editor of "The Mail," had given \$205,000 to the Germans in a campaign to stop the shipment of munitions to the Allies before America entered the war.

Swann's advertisement said to have been paid for by Dr. Rumely were full-page insertions in all the metropolitan dailies of April 5, 1915. They were headed "AN APPEAL TO THE AMERICAN PEOPLE."

The advertisement was a plea for neutrality, and called upon the foreigner to give up the idea of aid in the manufacture or shipment abroad of arms or ammunition, with which their relatives might be killed.

Editors Signed Protest

The advertisement was signed with the names of several hundred editors of foreign-language newspapers, and contained the following resolution:

"We, the publishers of the undersigned newspapers, authorize an appeal to the American people, industrial and workmen, not to manufacture, sell or ship powder, ships or any other kind of or description of any of the warring nations of Europe or Japan."

It is interesting to note, in view of the advertisement, that the payment for the advertisement, which was \$200,000, was made by Dr. Rumely.

"The cost of this advertisement has been entirely given in the shape of small contributions by our readers, who are actuated by a sense of humanity and justice and a patriotic desire not to have this peace-loving nation directly or indirectly involved in further loss of life or destruction of property."

Swann Knew of Deal

District Attorney Swann disclosed the fact that he had begun an independent investigation into the activities of Dr. Rumely as long ago as last January, when a man "high up" in the "Evening Mail" office was asked to visit the Criminal Court building.

As a result of this interview, Mr. Swann inserted the following memorandum, which he transmitted to the Federal authorities:

"About May, 1915, negotiations were entered into on behalf of certain German interests to purchase 'The Evening Mail' and other New York newspapers. My suggestion is that I be allowed to investigate the matter. He was formerly the editor of a magazine in Los Angeles. Later he was editor of 'Sunset Set' published in this city.

ing to Mr. Swann, Hammerling's testimony was: "The advertisements of 1915 were paid for out of the \$205,000 received from Dr. Rumely, of 'The Evening Mail.'"

This large sum was used for other purposes of propaganda, according to Mr. Swann's informant. On receiving this information, Mr. Swann transmitted it to the Federal authorities at Washington and called Dr. Rumely to his office.

"Rumely came here, and I asked him whether the allegations were true," said District Attorney Swann. "He refused to affirm or deny them. He merely stated, as I recall, that all the matters which I have mentioned before this country entered the war. He added, I believe, that he did not see how such a matter came into the jurisdiction of the District Attorney."

Stoddard Tells How Rumely Got Control of "Evening Mail"

"While Dr. Rumely was negotiating for 'The Mail' and representing himself and his associates as 100 per cent American, I was approached by Hugo Schweitzer, avowedly acting in the interest of Germany, with an offer of \$250,000 more for the property than Rumely was apparently having difficulty in raising. It seemed obvious that the German money was to be used to buy the paper, or that they would bid against each other; it seemed equally obvious that Rumely, as he said, was not allied with the German cause, and would not be in the market for an organ. So I sold to him."

Henry L. Stoddard, former owner of "The Evening Mail" and now in charge of the property, representing the bondholders, and with the approval of A. Mitchell Palmer, the Custodian of Alien Enemy Property, thus explained yesterday how he came to sell the property to Dr. Rumely, now accused by the Imperial German government for the purchase of the paper.

"I would now seem," added Mr. Stoddard, "that Rumely misrepresented the situation, but I cannot for the life of me see how he could have done so. He has been making a fortune out of nothing else to it. All that was published as I recall, was a series of articles on how German women are helping in the war effort. I am sure a paper might be glad to print. But it seemed a bit like propaganda and I told Rumely he had better drop it. He did."

Warning to Rumely

According to the story told by Mr. Stoddard and the statement printed over his signature in "The Evening Mail" yesterday, his doubts about the propriety of the sale of the property reports that he was pro-German and that the money he was using was German money, so much so that when the bondholders were asked to agree to Rumely that he must run an absolute straight paper above suspicion of every way.

"I do not know," replied Mr. Stoddard, "since he has found himself in this position, but I do not know the purpose to be the squaring of America with German liberals after the war. He would, he said, be in a tactical position to do this."

German Money Controlled "Mail," So He Quit, Says Chamberlain

BOSTON, July 9.—Joseph Edgar Chamberlain, who was chief editorial writer of "The New York Evening Mail" at the time it was sold in 1915, and who since that time has been an editorial writer on "The Boston Transcript," is quoted in a New York dispatch as having made the remark at the time of his resignation from "The Mail" in July, 1915: "I can't work here. There's a Prussian in every corner. I do not remember having used those words," said Mr. Chamberlain this afternoon, "but it was well known in New York at the time I tendered my resignation that it was because I was very sure that the paper had been sold to the German interests. I had been for some time and was, in June, 1915, at the time 'The Mail' was sold to Dr. Rumely, a progressive young man who was a very capable editor. E. A. Rumely, the chief editorial writer on 'The Mail.'"

"It became very apparent at that time that the persons in control of the property were not Americans, and it was impossible for me to stay in the paper under them. In July, therefore, I tendered my resignation in a letter to S. S. McClure, who at that time was in Boston. It was common knowledge in New York why I left 'The Mail' and well known in newspaper circles outside that city."

Boston Wool Men Accused of \$250,000 Income Tax Fraud

Two Heads of English & O'Brien, Inc., Held in \$25,000 Bail Each

BOSTON, July 9.—William A. English and John H. O'Brien, members of the firm of English & O'Brien, Boston wool merchants, were arrested to-day on a Federal indictment charging conspiracy to defraud the government of income taxes. The indictment alleged that the shortage through improper accounting amounted to \$250,000.

Both men pleaded not guilty and were held in bonds of \$25,000 each.

Federal officials said it was the first case of the kind to be brought to the attention of the Federal authorities.

With the arrest of English and O'Brien it became known that the government yesterday instituted a civil suit against them for the recovery of \$2,000,000 damages to cover the amounts alleged to have been held back on income tax payments.

Two Sets of Books

Examination of the firm's records showed, Federal authorities said, that two sets of books had been kept, one for examining by internal revenue experts and the other for the private information of the defendants.

The specific amount of the alleged shortage as set forth in the indictment was \$250,000. It was charged, however, that a more careful examination of the books now in the custody of the Department of Justice might reveal that a larger sum was unaccounted for.

Eron Luchs W. Ford, formerly a bookkeeper in the employ of English & O'Brien, government agents obtained the first direct evidence of the existence of two sets of books. The investigation was begun in March.

Firm Changed Its Name

About the time the investigation was started the firm was changed from English & O'Brien to English & O'Brien, Inc., although it was set forth by the government that this did not result in any change in the organization.

English and O'Brien, with counsel, appeared before Federal Judge Morton in court yesterday. Counsel stated that they might ask the court later for permission to change the plea. Bonds were furnished by both defendants.

The arrest of the dealers was described by Federal officials as the first of a series of prosecutions against alleged tax dodgers.

U. S. Closes Its Case Jeremiah Will Take the Stand To-day in His Brother's Behalf

In a session bristling from beginning to end with embittered wrangles and accusations and taunts, with the word "liar!" flung across the counsel table and fistfights between the opposing attorneys twice averted by only the narrowest margin, the government for the second time yesterday closed its case against John J. O'Leary—the defence for the second time opened up its rebuttal.

Jeremiah A. O'Leary, the spectacular Sinn Feiner, whose fight John O'Leary is now charged with having conspired to abet, will once more be brought over to-day to judge Augustus N. Hand's branch of the United States District Court to retell, in his brother's behalf, the tale of his fight.

The fact that all this will have to be done over again was a keen disappointment to the defendant. He had been hoping for a dismissal of the whole case against him, and for more than an hour yesterday Colonel Felder argued earnestly for this.

Colonel Felder contended that, by the government's own showing, the "conspiracy" to spirit Jerry away had been formed after the latter had lost all contact with John.

"Thus," said the defending counsel, "the alleged overt act of this defendant was committed so as to have no connection whatsoever with this so-called conspiracy, and since the government has no evidence to the contrary to produce, a verdict of acquittal should be directed for this defendant."

Court Decides Its Course

Judge Hand replied that if Colonel Felder were right as to the time the conspiracy was formed this course would naturally be the correct one.

"But," he said, "the question is on the whole case, and I think it must be left to the jury to decide when the conspiracy actually began."

Colonel Felder devoted most of his time to violent denunciations of the government's methods thus far in the case. Earlier in the day the basic issue personal hostilities between the two attorneys had been laid out in the "smart and ugly word" was passed in connection with the prosecution's introduction of certain documents belonging to John O'Leary.

Colonel Felder declared that these had been obtained in a raid on the defendant's office by the Department of Justice.

"This is a false statement!" cried Mr. Barnes hotly.

"What?" roared back the colonel.

"A false statement," repeated the District Attorney, "is that you are a liar." "You're a liar!" bellowed Colonel Felder.

For a moment silence held the room. Judge Hand swung sharply about in his chair and glowered at the two men. Then very quietly Mr. Barnes began telling the court just how the papers in the case had been obtained. Colonel Felder growled something about "meeting him outside," but to this the prosecutor paid no attention.

Throughout his opening address Colonel Felder made a habit of walking across and shouting remarks at Mr. Barnes and brandish his fist in the government attorney's face. Once, when Mr. O'Leary, in a direct objection to the tenor of his adversary's remarks, the colonel requested him, at least, if he felt obliged to keep jumping up and down, not to stand so near him. Mr. O'Leary, in turn, asked each other dangerously. Then Mr. Barnes moved slowly aside and resumed his seat.

Aside from the recurrent animosity of the two lawyers, the show was enlivened yesterday by a second appearance of Mme. Victoria, the alleged German spy. She was brought over from Ellis Island and again identified as a caller in Jerry O'Leary's office.

The session ended with the first of the defendant's character witnesses.

Mrs. Stokes Says She Forced Drive On Profiteering

Mrs. Rose Pastor Stokes, who was recently sentenced to ten years' imprisonment for seditious and treasonable utterances and whose appeal is now pending, declared to an audience at Webster Hall, Third Avenue and East Street, last night, that she had been brought out in her own defense, responsible for the President's administration to Congress regarding war profiteering.

She said that her indictment was due to the men who pay for the advertisements in "The Kansas City Star" and was technically based on the interpretation of the word "government" which she used in a statement to that paper, and to several paragraphs and falsified narratives of address and interviews printed in "The Star."

She added that Judge Van Valkenburg, who sat at her trial, was known to her, and that she had seen his entry into the war, and accused "The Kansas City Star" of profiteering, masked under a veneer of patriotism, asserting that one of the factors of that paper, August Saxe, lived twenty years in this country before he became naturalized. He obtained his citizenship papers, she claimed, only a few months before the United States declared war through the efforts of Judge Van Valkenburg.

Mrs. Stokes recounted the events leading up to her arrest and imprisonment, and said that she had been invited by the Woman's Relief Club of Kansas City to deliver an address on socialism before its members. She accepted, tentatively, to speak in the February following.

"In November of the same year," she said, "I was invited to speak at the 'War and After the War' what she continued to become ill and my physician insisted that I should not go. I insisted and so I went early in January.

Says Talk Was Garbled

"On March 15, the evening before we was to address the club, I was persuaded by its president to see a reporter from 'The Kansas City Star.' It was understood, however, that I was not to be interviewed. A girl that most newspapers were conducted by capitalists who paid for advertising. She wrote some of the things I said on this score, but she said she was not to publish it.

"I met the editor in chief of the paper the same day and told him my paper to questions, that I was protesting the Bolshevik revolution in Russia. The most wonderful thing of the world's history are transpiring in Russia, but we are being lied to by those who have capitalist interests."

"The next day the editor sent a young Englishman to interview me. I spoke to the man, and the next day the 'Star' printed a story that was a falsehood from beginning to end."

Woman and Two Men Held Under Espionage Act

Jacob Grimm, an employe of the Wright-Martin aero plant on Long Island, was given into custody of Department of Justice agents yesterday for further investigation of a conspiracy to defraud the government of income taxes.

Magistrate Conway also remained for trial in General Sessions two other men, charged with violation of the espionage act. They are Minnie Drake, 256 Cooper Street, Brooklyn, and Otto Lenser, of Manhattan. The government regulations require that all employes in munition plants be limited to native-born citizens or children of citizens of the United States of an Allied country. But it was shown that Lenser, who obtained employment under his parents' name, and whose parents were Irish, was the son of a German, and the mother and father of the Minnie Drake also were natives of Germany. He had been held under \$2,000 bond to answer a charge of having made false affidavits when they went to work in a gas mask plant.

Gregory Takes Hand in Aircraft Inquiry

Attorney General Arrives in Dayton, to Assist Hughes

DAYTON, Ohio, July 9.—Attorney General Thomas W. Gregory arrived here to-day to lend legal aid in the conduct of an investigation of matters pertaining to the aircraft program. Gregory was in this city for twenty-four hours of Charles E. Hughes, commissioned by President Wilson to investigate aircraft production in the United States.

Both men refused to say what the nature of the investigation is to be. Mr. Gregory said men from other cities might be summoned. The investigation continued to-day in the Post-Building behind closed doors.

Elevator Girl Killed by Fall

Gertrude Hampton, nineteen years old, an elevator operator at 310 West Eighty-third Street, died yesterday from injuries she suffered when she fell from a shaft, after having started the lift accidentally.

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