

# Ten Accused of Million-Dollar War Sale Fraud

## Indictment of State Committeeman Phillips and Others First Result of Daugherty's Big Inquiry

### Ernest C. Morse on List Conspiracy to Sell Surplus Lumber at Prices Far Under Market Is Charged

WASHINGTON, July 18.—The special federal grand jury indictment to-day charging ten persons with conspiracy to defraud in the sale of government lumber is the first result of the war fraud investigation for which Congress appropriated \$500,000. John L. Phillips, of Thomsville, Republican state committeeman for Georgia, and nine others are charged with defrauding the United States out of \$1,000,000 as the outcome of the inquiry started June 1 by Attorney General Daugherty's special corps of assistants.

The others named in the indictment are John Stephens, Jacksonville, Fla.; Ernest C. Morse, New York City, formerly of Springfield, Mass.; Charles S. Rhoads, New York City; George M. Chambers, Newark; Frank T. Sullivan, Buffalo; Roland Perry, Washington; Charles Phillips jr., Atlanta, and Gus Eitzen and Mitchell A. Tourart jr., Pennsylvania, Fla.

Phillips was arrested early last month on a warrant sworn out by officials of the Department of Justice, but later was released on bail of \$25,000.

Morse served both as assistant director and director of sales of the War Department, supervising the sales of surplus materials. Chambers was described in the indictment as a lumber dealer in Buffalo, while Perry and Charles Phillips jr., according to the indictment, were to act as agents for the firm of Phillips & Stephens. Shotwell was also connected with the War Department as approvals officer of the materials, disposals and salvage division of the army air service.

The indictments set forth that the government, seeking to dispose of excess lumber after the war, placed Phillips & Stephens as agents of the lumber interests, in charge of the disposal, fixing their commission at 12 per cent. The arrangement was made, it says, at a conference between the War Department, the War Industries Board and the War Service Committee in 1918, at a contract was signed with Phillips & Stephens in February, 1919.

**Secret Agreement Charged**  
It is charged that the defendants, instead of disposing of the lumber through the usual and ordinary channels of the lumber trade and to the best interests of the United States, conspired and agreed to enter into secret and fraudulent agreements with persons not theretofore established in the lumber industry, as well as those established, to dispose of the lumber to such persons at prices very much below the market figures and on terms which would provide rebates or commissions to Phillips & Stephens for their personal benefit and to the detriment of the United States.

Morse, as assistant director of sales and subsequently director of sales, the indictment charged, instead of "faithfully performing" his duties in the interest of the government, was, under the arrangement, knowingly to "aid and assist" Phillips and Stephens in unlawfully and corruptly prejudicing and defrauding the administration by the government of the law providing for the sale of lumber.

Shotwell, as materials disposal and salvage approvals officer of the air service, the indictment said, was, contrary to his said duties, "knowingly to procure and permit and approve the making of clearance and sales at less than the market prices through the agency of Phillips & Stephens of large quantities of surplus lumber and also surplus lumber, and thus aided in defrauding the administration of the law."

Chambers, as a lumber expert and an employee of the War Department, acting in his official capacity, according to the indictment, was from time to time to grade, appraise and fix the minimum prices at which the lumber was to be sold through the Phillips & Stephens agency and under the arrangement at "much lower grade, uses and prices than pertained to the lumber, and thus unlawfully and corruptly aided in defrauding the administration of the law."

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# Park Memorial Protests To Be Offered To-day

## Four Civic Bodies to Appear Before Estimate Board and Demand Wanamaker Plan Be Shelved by City

### Called 'Coney Island Idea' Substitute To Be Offered for Berolzheimer's Music and Art Center Scheme

At least four public organizations will have representatives at this morning's meeting of the Board of Estimate and Apportionment to oppose the plan of the Mayor's Committee on Permanent Memorial to build an arch, swimming pool, running track and sundry other recreational features on the site of the reservoir in Central Park.

Since the project was proposed in a letter from Rodman Wanamaker, chairman of the Mayor's committee, to the Board of Estimate, asking for an appropriation of \$500,000 to begin the work, opposition has been expressed on all sides, generally on the ground that the park should be preserved from such features. The appropriation has been granted.

Yesterday it was announced that an opportunity would be provided at today's meeting to speak on the matter before the board in connection with the discussion of the contemplated music and art center fostered by City Chamberlain Berolzheimer. The meeting opens at 10:30 a. m.

**Civic Bodies Protesting**  
The four organizations which announced yesterday that their representatives would appear in opposition to the park memorial are the Parks

and Playgrounds Association of New York, the City Club, the Citizens' Union and the United Real Estate Owners' Association. Others who are originally voiced objection and who are expected to be represented to-day are the American Scenic and Historic Preservation Society, the American Society of Landscape Artists and the Playgrounds and Recreation Association of America.

The Parks and Playgrounds Association will be represented by William B. Roulstone, chairman of the parks committee, and William R. Willcox, member of the board of directors, who will present the arguments outlined in a brief prepared by their president, George Gordon Battle. This report declares that to turn even a small part of Central Park into an amusement resort will "do an irreparable injury to our park system and to the city." Mr. Roulstone will oppose the creation of an "Arch of Freedom" anywhere inside the park limits as being unsuitable for such a place, while strenuous objections, it was said, would be made to the playground feature.

Stewart Browne, president of the United Real Estate Owners takes an even more emphatic attitude, saying that the whole idea is absurd and foolish and merits the most determined opposition. He said he expected to speak if the Mayor would grant him a hearing.

Raymond V. Ingersoll, former Park

Commissioner of Brooklyn and secretary of the City Club, will represent the latter at the hearing. The club has gone on record as opposing the park playground plan.

**Citizens' Union to Offer Report**  
Walter Tallmadge Arndt, secretary of the Citizens' Union, representing 5,000 property holders, has prepared a report on behalf of the union, which will be presented by Leonard M. Wallstein. This report opposed the "proposal to devote a considerable part of Central Park to the development of a so-called 'war memorial' which would tend to destroy the park for park purposes and turn it into an amusement resort." Elsewhere it refers to the idea as an "inland Coney Island."

A substitute proposal for that made by City Chamberlain Berolzheimer for a music and art center as a peace memorial also is expected to be submitted at this meeting. A thirty-seven-story building on Broadway, between Thirty-seventh and Thirty-ninth streets, has been suggested. Chamberlain Berolzheimer, however, proposes to introduce a resolution calling for the indorsement of the plan as originally outlined, providing for the erection of a structure to cost \$20,000,000 between Fifty-seventh Street and Central Park South, near Seventh Avenue. An invitation has been sent to Samuel Compers, president of the American Federation of Labor, to be present at the hearing.

# Hughes to Lead Official Party to Rio Exposition

## General, Admiral and 2 Civilians Also To Be Sent on Visit of Courtesy

From The Tribune's Washington Bureau  
WASHINGTON, July 18.—Secretary of State Hughes was named to-day by President Harding to head the special American mission which will attend the Brazilian Centennial Exposition at Rio de Janeiro in September. An "outstanding" major general of the army, an admiral of the navy and two civilians will complete the mission, the White House announced.

Secretary of War Weeks will select Major General Robert Lee Bullard, commanding the 2d Army Corps, with headquarters at Governor's Island, if that officer is available, as the army's representative. Admiral Hilary P. Jones, commander in chief of the Atlantic fleet, is expected to be the navy representative. The remaining members of the mission are to be announced later by the President.

the trip, which is now being framed, does not include visits of courtesy by the American mission at any other South American port, it was said to-day at the State Department. It was explained that the Emperor of Brazil attended the American Centennial in 1876, and the visit of the American official party at the Rio de Janeiro celebration is a return visit of courtesy.

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