

# PUJO COMMITTEE HEARS LEWISOHN

## New York Banker Questioned Concerning California Petroleum Operations

### WITNESS IS EVASIVE

### Declines to Disclose Profits Made in Marketing Stock for Bankers.

### HOCKING POOL RECALLED

### New York Bank Note Co.'s Head Accuses Stock Exchange of Discrimination.

WASHINGTON, Dec. 16.—Recent operations on the New York Stock Exchange in California Petroleum common were the subject of investigation to-day by the Pujó committee. The California Petroleum issues are comparatively new additions to the Stock Exchange and the notable activity of the common stock and its fluctuations in price have attracted a lot of attention.

The stock was listed about October 1 and in the month following about three times the capital of the company, according to counsel for the Pujó committee, was traded in on the Stock Exchange. The quotations for the common rose from about 55 to about 70 and have dropped now to about the original level. The Pujó committee apparently had selected California Petroleum operations as a good illustration of how a market is made for new securities. They expected to obtain the details from Frederick L. Lewisoohn of Lewisoohn Bros., bankers, of 11 Broadway, but Mr. Lewisoohn balked when it came to disclosing the profits of the syndicate of bankers of which his firm was a member. Mr. Lewisoohn acknowledged he had been engaged in making a market for the stock and that Hallgarten & Co. and William Salomon & Co. were cooperating with Lewisoohn Bros. in floating the issue.

Whenever the committee veered around to the subject of the profits that had been made, Mr. Lewisoohn became shy and finally flatly refused to disclose the information. His attitude threatened to raise for the first time a test of the committee's power to compel a witness to answer. Representative Pujó, chairman of the committee, announced he would instruct the witness to answer the question, but would give him time to consider the matter. The committee thereupon adjourned, and it will be up to Mr. Lewisoohn to decide whether he will answer and give all the details in regard to California Petroleum operations to-morrow morning or whether he will test the committee's power to punish him for contempt.

At a late hour to-night Mr. Lewisoohn was still deliberating, but the general impression was that some sort of an understanding would be reached with the committee before the time for convening to-morrow morning.

It was reported that a general understanding has been reached among important witnesses in New York to back Mr. Lewisoohn in his present stand. Members of the committee ridiculed the idea that there might be a plan on foot to test the committee's power in the courts.

The committee contends that by certifying the matter to Congress they would have power to bring about the imprisonment of a witness for contempt, but it is plain enough that the committee does not desire to have its authority put to a severe test.

With the exception of the Lewisoohn testimony the committee's proceedings to-day were taken up with a review of ancient history in regard to the Hocking Coal and Iron pool.

Edward Popper, of Popper & Sternbach, the brokers who executed James B. Keene's secret orders in this pool, and Hugh F. Criss, the specialist who handled the Hocking orders on the floor of the exchange, gave the witnesses examined in regard to the late lamented manipulation.

**Lewisoohn's Memory Poor.**

It was plain enough to see what counsel for committee was trying to show in regard to California Petroleum with Mr. Lewisoohn on the stand, but the witness was evasive and apparently resented any attempt to inquire into the recent market operations in this regard.

Mr. Lewisoohn acknowledged that the firm of William Salomon & Co., Hallgarten & Co. and Lewisoohn Bros. agreed to take \$10,000,000 of the \$12,500,000 of preferred stock of the California Petroleum Company and a certain amount of the common, which he seems unwilling to recall. It would seem, however, from piecing the testimony together that the bankers took \$10,000,000 of the \$15,000,000 of common stock, according to pay \$10,000,000 cash for both the preferred and the common.

The three banking houses then formed syndicates, each with \$5,000,000 preferred stock and apparently \$2,500,000 of common stock. This, according to the way Mr. Untermyer, counsel for the syndicate, figured it, left the bankers \$5,000,000 of common stock as profit. Here again, however, Mr. Lewisoohn's memory proved faulty.

One of the sub-syndicates was formed for the United States and the West for Europe. Mr. Lewisoohn acknowledged that each of these syndicates sold the preferred stock at 91 and the common stock at 40. Counsel for the committee so got to show that the syndicate received \$11,100,000 for the two issues.

**Profit About \$1,000,000.**

According to this estimate the bankers after raising the \$10,000,000 in cash, would have about \$1,000,000 as profit after paying the expenses, and to this would be added the profit of \$5,000,000 of common stock. Mr. Untermyer sought to show that having obtained this profit the bankers proceeded to "make a market" for the securities, Lewisoohn Bros. having been designated as market operators for the syndicate.

During the month of October 349,000 shares were dealt in on the Stock Exchange, this being about 2 1/2 times the entire list of the capital. The witness

testified that William Salomon & Co. originally acquired the shares of the California Petroleum Company and ceded a 30 per cent. to Lewisoohn Bros. Mr. Lewisoohn could not tell what the relative interests of Hallgarten & Co. and William Salomon & Co. were in the original acquiring of the stock.

When Mr. Lewisoohn failed to remember the amount of common stock that the three banking firms had purchased, or the exact proportions of the allotments among them, Mr. Untermyer said:

"You say you cannot remember in regard to transaction that occurred last July involving \$20,000,000 of stock?"

"I only know as to my own interest," was the reply.

Q. You could not tell about their interest?

A. I could not want to disclose it.

Q. You operated this transaction for them for a joint account, did you not?

A. I do not know, as we operated for joint account.

**Declines to Answer.**

Q. Do you know how much you paid for the ten millions of preferred and the ten millions of common stock? A. No, I do not know what was paid. I know we did not buy ten millions of preferred and ten millions of common.

Q. How much did you buy? A. I really do not know.

Q. And this was last July? A. Yes, that is right.

The witness acknowledged after considerable prodding that his firm had paid something like \$3,000,000 as its 30 per cent. share of the preferred and common stock that had been bought by the three banking firms.

Q. Don't you remember what you paid? A. I prefer not to answer that question as to how much paid.

Q. Why? A. I think it is irrelevant. It is an invasion of my personal rights.

Q. Then the fact is you know what you paid, but do not want to tell?

A. I know what I paid.

Mr. Lewisoohn acknowledged that he handled the market for the account of the bankers' syndicate.

Q. Your idea was to buy this stock, take it and market it, was it not? A. Yes, for the account of the syndicate.

Q. For the account of the syndicate? A. Yes, for the account of the syndicate.

Mr. Lewisoohn then explained in regard to the marketing of the securities he was referring to the second syndicate which had been formed by the bankers.

**Sub-Syndicate Organized.**

To this syndicate had been allotted five millions and two and a half millions of common stock. This sub-syndicate was organized by William Salomon & Co. Mr. Lewisoohn acknowledged that his own firm and the Salomon and Hallgarten firms had participations in this sub-syndicate. A second sub-syndicate was formed for foreign investors and this was also allotted five millions of preferred and Mr. Lewisoohn could not say definitely how much common stock.

Q. The profit that you made in your operations in the formation of these two sub-syndicates was the difference between the common stock you had got with that ten millions of preferred and the amount of common stock you gave the two sub-syndicates, was it not? A. Yes, that would figure it up, I guess.

Q. That amounted to five million dollars of common stock profit, did it not? A. No, it did not.

Q. How much did it amount to? A. I am not perfectly familiar.

Q. You cannot tell us when you had a 30 per cent. interest in it? A. No, I would not want to know it, I know. I do not know the exact figures. Our original syndicate has not been closed out.

The witness testified that after having organized the New York syndicate with the \$5,000,000 preferred and \$2,500,000 of common, Lewisoohn Bros. undertook, in conjunction with the other bankers, to market the stock for the syndicate. Lewisoohn Bros. gave the orders to the brokers.

Mr. Lewisoohn contended that the bankers had sold the stock to individual investors and that in reality he was acting in the interest of these investors when he attempted to make a ready market for the securities.

**Operations Still Going On.**

Mr. Lewisoohn testified that these market operations are still going on.

The witness acknowledged that the bankers had sold the shares which they got as profit and which Mr. Untermyer contended was about five millions of common stock. Mr. Lewisoohn acknowledged a good deal of questioning, that it may have been 2 1/2 to 3 or somewhere around four million dollars of common stock. He said these shares which the bankers had received in profit had been sold to investors and not on the Stock Exchange.

"There was such a clamor for them," added Mr. Lewisoohn.

Mr. Lewisoohn acknowledged that he had given out orders to a good many brokers to buy on a scale down and had sold on a scale up.

Q. Have you ever heard of a new stock of the petroleum company but on the market on the third of the month and selling over three times the capital stock in one month? A. Yes, I believe that has been done abroad.

Q. I suppose you attribute the fact that there was over three times the capital stock of this security sold the first three days that it appeared on the market entirely to spurious public excitement over this security? A. Yes.

Q. Who created this spontaneous public excitement in a security that had never been heard of before? A. The excitement was created by the reports of experts putting a value on this security.

Q. Have you ever seen rosey prospectus before, Mr. Lewisoohn?

"Have I ever seen what?"

"Very attractive and alluring prospectus."

"Oh, yes, I have."

Q. You believe, do you, that the market operations conducted in this stock were not the cause of the dealing in over three times the capital in the first three days after it appeared, do you not? A. No, I do not think it was our action in the market.

**Won't Furnish Statement.**

Finally Mr. Untermyer asked that a statement be prepared showing the profits which Lewisoohn Bros. and their associates had made from this transaction.

"I could not furnish that," said the witness. "I don't think it is pertinent."

"Do you decline to furnish it?" asked Mr. Untermyer.

"I do," said the witness. It was then that Chairman Pujó made his ruling, and Mr. Lewisoohn was given until to-morrow morning to make up his mind what he will do.

Edward Popper, senior member of the stock exchange firm of Popper & Sternbach, testified that he represented James B. Keene as broker in the Columbus and Hocking operations in 1909. Popper repeated the testimony that he has told frequently in legal proceedings of the fifty-nine accounts which he is carrying for Mr. Keene, all of them designated by numerals and the letter "X."

Hugh F. Criss, a member of the Stock Exchange firm of Roberts, Hall & Criss, said in making a specialty of Columbus and Hocking stock on the floor he received his orders from Mrs. Haeskins of the firm of Lathrop & Haeskins. Mr.

Criss drew a laugh from the committee when he confided to them that he is now living in Hoboken, N. J.

In commenting on the memorable day when the Hocking pool collapsed, Mr. Criss said that apparently "some one had leaked on the pool."

"Where did all the stock come from?" asked Mr. Untermyer.

"It came gradually at first," said the witness, "and then from all over the face of the earth."

George H. Kendall, president of the New York Bank Note Company, reiterated on the stand the charges which other officers of the company have made that the New York Stock Exchange discriminates against his concern and is monopolizing the business of engraving securities in the interest of the American Bank Note Company.

The hearing will go on to-morrow.

William M. Lewis, counsel for the Guaranty Trust Company of New York, was an interested spectator at the afternoon session.

**\$400,000,000 SWEETS A YEAR.**

Federal Report Shows Nation Has Weakness for Bonbons.

WASHINGTON, Dec. 16.—The new time leader calls on Lulu and blushing presents the box of bonbons, thinking the while of the luncheon thereby sacrificed during the succeeding weeks, let him take consolation in the knowledge that his little 50 cents for the pound is but the slenderest drop in the bucket of sweetness which Americans will for themselves annually at a cost this year of \$400,000,000. That according to the latest figures of the Bureau of Foreign and Domestic Commerce, the total consumption of sugar in the United States during 1912 will approximate in cost, the equivalent of \$400,000,000 pounds.

**NEW YORKER SUCCEEDS WILEY.**

Dr. Alsborg Stated for Post of Pure Food Expert.

WASHINGTON, Dec. 16.—Dr. Carl Alsborg of New York will be appointed to succeed Dr. Harvey W. Wiley as a pure food expert. Dr. Alsborg's nomination probably will be sent to the Senate before the holiday recess.

Dr. Alsborg graduated from Columbia in 1899. After studying abroad he was appointed professor of physiological chemistry at Harvard. He was appointed to the bureau of plant industry in 1907. Dr. Alsborg was associated closely with Dr. Wiley and has supported his predecessor in practically all his decisions in pure food cases.

**TAFT MERCIFUL TO BANKER.**

Reinhart Has Served Five Years of Fifteen Years Sentence.

WASHINGTON, Dec. 16.—President Taft has commuted the sentence of fifteen years of J. P. B. Reinhart, former cashier of the Farmers and Drovers National Bank of Waynesburg, Pa., to expire on January 15 next.

Reinhart was convicted of a technical violation of the national banking law. President Taft commuted the sentence on the ground that it was excessive. Reinhart has served about five years.

**FLYNN TO HEAD U. S. DETECTIVES.**

John Henry Will Probably Be New York Chief.

WASHINGTON, Dec. 16.—William J. Flynn, chief of the New York office of the United States secret service, probably will be appointed chief of the entire service. Mr. Flynn is expected to be Washington to-morrow night to confer with Secretary MacVaugh. John Henry, who has been in the New York office for sixteen years, probably will be put in charge of that office.

**VINCENT ASTOR IN AUTO WRECK.**

Comes Safely Out of Mixup and Tows the Other Machine to Garage.

BOSTON, Dec. 16.—Vincent Astor, driving his racing car, once owned by Barney Oldfield, had a narrow escape on the State road north of Red Hook this morning.

Mr. Astor saw a highpower car ahead of him and put on speed. The other car belonged to Garrett Kipp, who owns the Aspinwall place at Barrytown. It was driven by Frank T. Casey and it responded to Mr. Astor's challenge. Both of the cars went up the turnpike at a clip of between 65 and 70 miles an hour. After going several miles the Kipp car was seen to waver and Mr. Casey losing control of the steering gear, grazed the side of the Astor car and then swerved through a fence.

The emergency brake was applied, but it failed to work and the car brought up against a large elm tree on the estate of Frederick Martin. Mr. Astor was thrown out and badly bruised and his car was damaged.

Mr. Astor started his car, helped Mr. Casey to right the auto and towed it back to the Red Hook garage.

**TRIUMPH FOR MAGGIE TEYTE.**

Applauders at Her Recital Did Not Know She Had Had Cold.

Maggie Teyte, soprano of the Philadelphia-Chicago Opera Company, astonished an audience at her song recital yesterday afternoon in Aeolian Hall, when after singing a group of Debussy songs so as to arouse warm applause, she caused an apology to be made for her severe hoarseness, together with an announcement that in spite of it she would sing the "Gloire à Dieu." It is to that time it was quite apparent that very few among her hearers suspected that she was laboring under difficulties.

The programme of this recital was not arranged on traditional lines. Where programmes are so constructed one often wishes that some one would introduce an entirely new plan. When this entirely new plan appears most people wish the singer had adhered to the old way. Miss Teyte began with a group of American songs, and for this she deserves thanks. The compositions of the natives are customarily placed at the latter end of the list after the great works of Schubert, Schumann and Brahms. This is chronologically, but sad dening.

In the group of American songs heard yesterday only Mr. Loefler had much reflection and that was chiefly the reflected glory of Debussy. Marshall Kernochan "We Two" and "The Song of the Song" and on the whole deserved it. Miss Teyte's second group consisted of songs by Debussy, all of which seemed to interest the audience. But nothing so pines an audience as something singular, bizarre or outre, and the suspicion is steadily growing that while many of Debussy's songs are beautiful still more of them are merely queer.

In the third group the soprano gave a hearing to two new and really artistic songs by Kurt Schindler, "Le Sparviero Puggito" and "La Columbia." The other songs in this part were by Whitney Coombs, Sidney H. Hober, and St. Louis. Miss Teyte, it should be added, sang her Debussy songs well despite her cold.

**Puggles Indorsed for Cabinet.**

YONKERS, Dec. 16.—Cornelius A. Puggles, president of the New York State Bankers' Association and of the Westchester County Bankers' Association, was informed at a meeting of the board of directors of the bank last night at the Hotel Marlborough in Manhattan for the office of Secretary of the Treasury in President-elect Wilson's Cabinet.

**TIFFANY & Co.**

IMPORTED NOVELTIES

**WALDO SUSPENDS 3 IN GRAFT CASES**

Continued from First Page.

lawful place. There are furnished rooms to rent, but I do not rent them to women, only couples. There has been only one arrest in my place and that was of a Hungarian woman by a policeman who had held her up for \$10. Her husband was thirty days in jail.

"Mrs. Sida knows all about this, because she has seen the policemen and talked to them when they have come here. She knows what I know and she talked to the Commissioner with me to-day.

"I've been living here for six years and it was about a year ago that the trouble began. I never gave any money to anybody. Why should I?"

"This O'Grady was a roundsman last summer," said Mrs. Sida, "and one day he came to me and called me everything. I said to him if he knew anything about me he should do his duty; if not, keep quiet.

"He told another man, who came to me and also called me everything, and I saw this man to-day. He was a big officer. No; he did not ask for money.

"On Saturday night before Labor Day O'Grady met my husband who is a pedler, out on the sidewalk here and beat him up so that he went to the hospital.

"He was in one day and then came out, and on Tuesday after that the inspector of the district came to him and asked him not to make any trouble about the beating, as everything would be all right after that. Just after that my husband got an abscess in his side from the beating and went to the hospital for two weeks more.

"O'Grady came straight to the house in the last part of October and I opened the door for him. He told Mr. Shobel that he was allowing bad women to live there. Shobel said that wasn't so. O'Grady said it was and if he didn't get \$50 there would be trouble.

"Fifty dollars?" said Mr. Shobel. "Where would I get fifty dollars?"

"I don't have any money to pay my rent; I don't allow anything like you say in this house," He took hold.

O'Grady and offered to show him through the house, but the man wouldn't go. He left, saying all right; he would be heard from.

"This was Tuesday and on Friday night O'Grady, Horn and another policeman came to the house and arrested Mr. Shobel. Why just last Friday Schmitzberger and O'Grady was there, asking for the old man. I told him that Mr. Shobel wasn't in, but the old lady was. He didn't come downstairs to see her and went away.

"Another time since a man we saw to-day came to the house and called me everything and I told him he had no right to do that. I saw this man to-day; it was the inspector who took me to Police Headquarters to see the chief, as he called him. When he got there he denied that he had called me all those things."

Shobel and Mrs. Sida said they went to the District Attorney's office with their story and were sent yesterday morning to the office of Inspector Cahalan in Clinton street. They told their story there and were taken immediately to Police headquarters, where they were passed through Chief Inspector Schmitzberger to the Commissioner, with the result that O'Grady was suspended and Deputy Commissioner Walsh was ordered to investigate.

**BARTENDERS TO SIGN PLEDGE.**

Chicago Union Forms Temperance Club Among Members.

CHICAGO, Dec. 16.—The white flag of temperance will be waved to-morrow night—not at a church federation meeting but at the annual election of officers of Bartenders' Union No. 41. Here is the unique announcement members of the union have received from J. E. O'Brien, its secretary:

"Dear Pat.—Join the Bartenders' Temperance Club. The boss won't like it if you drink on the job. A guy can't tend bar and hit the booze and make good. It gets him just as quick as the guy in front who pays for it. If any one wants to drink let the man on the other side of the bar do it. Send me your name if you want to join the club."

**SAYS ARMY NEEDS MEN AND MONEY FOR FLYING CORPS**

Gen. Allen Asks \$3,000,000 to Establish Training Centres and Buy Aeroplanes.

WASHINGTON, Dec. 16.—The aviation situation in the United States army is bad as compared with that existing in the military services of other Governments, according to the report of Brig.-Gen. James Allen, chief signal officer of the army. Gen. Allen states that until Congress provides more money and more men there can be little hope of real preparation for aviation in time of war.

He recommends that legislation be enacted providing for detail to the signal corps of a first increment of fifty-five officers, with a proportionate number of enlisted men, and a second increment of fifty officers and 600 enlisted men for the purpose of developing military aviation. Gen. Allen wants aviation centres established on the Atlantic, Pacific and Gulf coasts, on the great lakes and in the interior, with auxiliary centres in the various States, in order that more officers of the army and officers of the National Guard may be trained in aviation.

An annual appropriation of \$3,000,000 for the establishment of these stations and the purchase of 120 aeroplanes is necessary, according to Gen. Allen. Gen. Allen believes that officers and enlisted men should receive 25 per cent. additional pay while on aviation duty, owing to the risk involved, which is considered so great by insurance companies that they will not issue policies to the army aviators.

Italy used twelve aeroplanes in conjunction with her armies in Tripoli with excellent results. Gen. Allen states, while France held in September, 1912, the first review of a complete aeroplane armada, with great success.

Despite the scant attention given the development of aviation in the United States army by Congress, much has been accomplished at the Army Aviation School at College Park, Md. For the first time in any nation an automatic machine gun was fired from an aeroplane on the College Park field, demonstrating the possibilities of aeroplanes for offensive warfare. An American device for dropping explosives from aeroplanes was tried out at College Park and later won first prize in the international competition conducted by the French army.

**DEAD LETTER SALE A LOTTERY.**

Government So Decides and Devotees of Chance Are Disappointed.

WASHINGTON, Dec. 16.—The annual dead letter sale by the Post Office Department of unclaimed packages was indefinitely postponed to-day because of the decision of Attorney-General Wickersham that the sale is a lottery. Several hundred bargain hunters who were on hand to bid on the packages were disappointed.

As the sales were conducted in the past all packages were sold to the highest bidder without opening. Now the Department probably will open the packages.

**CANAL CASE TO WAIT ON TAFT.**

No Discussion With Britain Until President's Return From Panama.

WASHINGTON, Dec. 16.—No attempt will be made to take up the Canal controversy with Great Britain until President Taft returns from Panama, according to statements made to-day.

The President will be back in Washington early in January.

**Four Brigadier-Generals to Retire.**

WASHINGTON, Dec. 16.—Four Brigadier-Generals of the line and one not of the line will retire in the coming year on account of age. They are Brig.-Gen. Walter S. Schuyler, on April 26; Brig.-Gen. Frederick Smith, May 15; Brig.-Gen. Edgar Z. Steever, August 20; Brig.-Gen. Ralph K. Hoyt, October 9, of the line, and Brig.-Gen. James Allen, chief signal officer of the army, February 15.

**Judge Charlton Resigns.**

WASHINGTON, Dec. 16.—Paul Charlton, United States District Judge for Porto Rico and father of Porter Charlton, the young American accused of the murder of his wife at Lake Como, Italy, in June, 1910, has resigned.

Porter Charlton is now under detention in New Jersey pending extradition to Italy.

**Yeggmens in Texas Get \$22,000.**

AUSTIN, Tex., Dec. 16.—Yeggmens dropped into Kyle, twenty miles south of this city, to-day and after binding and gagging the watchman at the Kyle State Bank blew the safe and took \$22,000. They escaped in an automobile.

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