

SEES LOAN PERIL IN SULZER BILLS

President Mabon of the Stock Exchange Attacks the Measures.

CASH COULD BE HELD

A Would-be Borrower Must Then Sacrifice All His Holdings.

OPEN DOOR FOR CROOKS

Brokers Could Not Refuse to Deal With Dishonest Customers.

President James B. Mabon of the New York Stock Exchange followed up his attack of Sunday on the bill to force the Stock Exchange to incorporate by a statement yesterday in which he points out results which will follow the adoption of other bills relating to the exchange.

He takes up the bill entitled "Discrimination by Exchanges or Members" and shows where he believes it will work harm; says that the bill restricting the rate of interest on call money to 15 per cent will be extremely dangerous in times of panic, and points out how several other bills now before the Legislature will affect the stock broker and investing public.

President Mabon says that the bill limiting the interest rate on call money would make it possible for groups of rich men or corporations having immense sums of money at their disposal to withhold money from those who would borrow it, thus forcing a would-be borrower to dispose of his securities at any price he could get. The man or group with money, by buying in the securities, could build up a huge fortune at the expense of others.

Mr. Mabon's statement follows: "It is difficult to understand how the community at large could be benefited by the passage of certain of the bills affecting the Stock Exchange which are now pending at Albany, some of which are entirely impracticable. Their adoption would add to the complexities of a business which ought to be helped and not hindered. Still others would lay down rules for the conduct of business which are altogether at variance with that freedom of contract which is basic in America, rules which no banker and no merchant could possibly adopt.

For example the bill entitled "Discrimination by Exchanges or Members," which contains, among others, the following provision: "No member of any exchange, voluntary association or corporation, shall refuse to do or trade for, or with, any person who desires said member to trade, or deal for, or with him, in accordance with the same terms or conditions as those observed in transactions between such members and other customers."

This provision imposes upon a broker a requirement which the State would never think of imposing upon an incorporated bank. Imagine a law requiring banks to loan money to all persons desiring to borrow money upon the same terms!

This provision would effectively prevent the Stock Exchange from adopting any means to prevent their members from assisting people in bucketshop operations and other fraudulent enterprises. "It would also make it impossible for Stock Exchange firms to refuse to transact business for people of bad character and would interfere with the natural right of a man to discriminate in the selection of his business associates. It certainly is class legislation of a character which would be repulsive to merchants, bankers, lawyers and medical men.

The Stock Exchange is opposed to the bill which restricts the rate of interest on call loans to 15 per cent. No one questions the fact that it is to the interest of every Stock Exchange member that only moderate interest rates on money prevail, but the principle involved in this bill might in times of money stringency be extremely dangerous. Money is a commodity and will naturally go, as all other commodities do, to the highest market.

If London, Paris, Berlin, Amsterdam and other European cities as well as other cities on this continent are prepared to pay a higher rate of money than that prevailing in the city of New York the natural flow of money would be to those centers. The recent export of \$28,500,000 of gold bears witness to this fact, as the rates for call money in foreign cities have been generally higher than those prevailing in New York. On the other hand high rates for money which are apt to prevail during the crop moving season attract money to New York from all parts of the world. The matter is self-evident.

The apparent purpose of the bill is to protect the borrower against excessive rates of interest. Its effect might readily be that a panic might be precipitated in times of financial stress. Borrowers who under the conditions proposed in the bill, would be unable to obtain loans would be forced to sell their securities for cash in order to liquidate the loans which had been called. The securities would have to be sold regardless of value in a market very much restricted as to purchasing power, as intending purchasers would be in doubt as to their ability to finance their purchases of securities under the restrictions of such a law.

The enactment of the proposed bill would make it possible for groups of rich men and corporations having large sums of money at their disposal to withhold their funds from borrowers and thus be able to purchase at their own prices the securities of investors and customers of brokerage houses which are often carried in call loans.

It is apparent that in extreme cases restrictions on money rates instead of safeguarding the clientele of the Stock Exchange against excessive rates of interest, might bring about a general liquidation of houses through rapid falls in prices and inability to secure needed loans and that it could nullify the safeguards the Stock Exchange has enacted for the safety both of its clientele and its members.

The only alternative to the sacrifice of securities in a panicky market would be the transfer of loans to other cities where no restrictions on money rates are in force. That would result in the transfer of the business hither to transacted in New York.

The bill entitled "Deliveries to Customers of Memoranda of Transactions by Brokers" under which the exact nature of the transaction must be entered upon the report given to the customer.

Every broker executing an order for a customer in an exchange, this transaction is made for the benefit of the customer. For the broker's own protection and to satisfy the law, it has been the universal custom and practice for reports to customers by members of the Stock Exchange to bear the name of the broker to whom or from

CHARGES PRISON RING BLED THAW

Continued from First Page.

Col. Scott would have the matter put in proper legal shape and then send to Anhalt for the money. Again Col. Scott showed fire.

"Well, we could speculate on this thing indefinitely of course, but we did not," he remarked.

"That's just the point," said Mr. Norton. "You did not do it."

"And I think it was very wise we did not," said the Colonel.

Col. Scott declared that he did not believe Dr. Russell would be removed as head of Mattawan pending the outcome of the investigation. "I think that the institution is perfectly safe with Dr. Russell there until this thing is settled," said Col. Scott. "Nothing would be gained by suspending him."

Will subpoena witnesses. Col. Scott was the last witness to be called as other witnesses had been asked to come to the hearing. Chairman Carlisle announced that subpoenas would be served on the others wanted for their appearance Wednesday or later in the week.

The story related by Secretary Clark was the sensation of the day. When he told of the alleged prison ring which operated under Gov. Dix to obtain pardons and which planned to do the same thing under Gov. Sulzer until they got scared and broke up, the story of the Governor's name written up in intense interest was manifested.

Col. Scott sat a few feet away from the witness stand, but he only smiled.

Mr. Clark said that the scheme was to humiliate Gov. Sulzer, and said that "Thaw was only a meal ticket" for the ring. He declared Thaw would have been released from Mattawan last December, but for the "ring" of the "ring," whose members not only got \$25,000 to release him, but decided to "make another touch." Then when the money was not forthcoming they kept him in prison.

Mr. Clark refused to give to the committee the name of his informants, but said that if Thaw, Detective Hoffman and Thaw's bank books and papers were examined by the committee his story would be proved.

Clark prefaced his testimony as follows: "Now Mr. Chairman, in order that we may all meet on an even keel here I ask to be relieved temporarily of my duties as secretary of this commission."

"We will make an order, Mr. Clark, temporarily relieving you as secretary," replied Chairman Carlisle.

Mr. Morton, the commission's counsel, then asked Clark to state his connection with the case from start to finish. Clark said:

"In the early part of January information came to me that the so-called prison ring, which was made up of Supt. Scott and immediate underlings, were engaged in a conspiracy to involve the Governor of the State of New York so that they might be retained in their positions or so that they might continue the profitable business in brokerage and securities of Mattawan conducted under Gov. Dix. I called the attention of the Governor to the fact that he was in grave danger. He told me that I should go to work and investigate in my own way and at the proper time report to him. I was engaged in such an investigation."

"I discovered that in the early part of December Dr. Russell, the superintendent of the institution, had sent for Harry Thaw, who is confined and alleged to be insane in the Mattawan Asylum for the Criminal Insane, and asked him how he would like to get out. Thaw naturally said he would like to get out first rate.

Dr. Russell said: 'Well, you have been making a name for yourself and you are proceeding. Now I will suggest a lawyer to you and you retain him and I will guarantee that you will be out of this place in a very short time.'

Says Thaw Paid \$25,000. Thaw, acting under the advice of Dr. Russell, communicated with the lawyer whose name Dr. Russell had suggested and, through his agents or through people connected with him financially, handed the agent of Dr. Russell \$25,000.

Dr. Russell was to release Thaw in the latter part of December, but getting the \$25,000 seemed to be so easy they decided they would make another touch, but the other amount was not forthcoming and Thaw was not liberated. When Gov. Sulzer assumed office on the first of January these gentlemen became very uneasy; and they reported to Thaw that he could not be released for at least six or eight months, and that he had better make up the \$25,000 which they had originally received.

"Now, thus far what you have stated is not within your personal knowledge," asked Mr. Norton.

"It is within my personal knowledge," answered Clark, "but it is the fact nevertheless, and the committee can learn it by subpoenaing the various gentlemen who had to do with the transaction, and I would suggest that they begin by subpoenaing them immediately."

"Now, naturally these prison gentlemen, through the various ramifications which they have discovered that I was at work on this particular phase of their official duties, and they wanted to know what I was about to make a report to the committee, and they sent for Augustus Roder, who has been the publicity agent for the prison for fifteen years, probably eighteen years, and they contacted the story which Mr. Roder printed in The World on the morning following my visit to Mattawan."

"That story, so far as it alleges that I at any time used the name of the Governor in talking with either Dr. May or Dr. Russell, is absolutely false. The only time in any conversation that the name of Gov. Sulzer came up was when they brought it up themselves. They wanted to know what Gov. Sulzer thought about Thaw. I told him I did not know what he thought about Thaw, but they wanted to know what I thought would happen if Thaw got out or if they let him out. I told them the only information I could give them regarding any instructions I ever had from Gov. Sulzer was that he expected every man to do his duty and to do it fearlessly."

As to the "Prison Ring." Q. Well, now, Mr. Clark, you say you received information about the "prison ring." When did you get that information? A. Shortly after this committee began its work, in the early part of January.

Q. And from whom did you get that information? A. Well, I am not at liberty to say, as a consequence of the information I proceeded to do the work I have this morning stated.

Q. Well, what is the reason that you are not at liberty to give us the source of the information? A. Well, I expect you people will produce those witnesses and let them give the information. Dr. Russell has furnished you with the names of the lawyers. Now let them furnish you with the names of the other witnesses involved in this transaction. It is up to them.

Q. Well, now, this matter of the \$25,000, you say you discovered that it was then did you discover that? A. That was along late last month.

Q. And how did you discover that? A. I

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discovered it by talking with people who were very intimate with Thaw.

Q. Will you tell us who those people were and how you got to know them? A. I will tell you that Mr. Thaw here on this and the other people connected with him, and let them tell their own story. There isn't any doubt but what this money was offered. Dr. Russell says he received the offer. He says he got nothing out of it. Supt. Scott says he got nothing out of it. The fact that the money was offered to him was a felony. The fact that he refused to take the money was a felony. The fact that he refused to take the money was a felony. The fact that he refused to take the money was a felony.

Q. Now, Mr. Clark, you also said that they reported to Thaw, or as you put it, "After these gentlemen had named all the people who are involved, and think when they are on the stand they will all tell the truth. I am not posing as a detective. I am here to state what I did for the Governor and what I did for this commission. I have furnished you with the information. Subpoena the people, bring them here. Bring Thaw here. Bring them all here and let them tell of this conspiracy as it began and as it ended. Why, this fellow Thaw has got nothing but a human meal ticket for those people down there, whenever they wanted any money why they just went up and took it away from him."

Demands Thaw Be Called. By Chairman Carlisle. Q. How are we sure we are going to be able to get these people here who said the things to you if we do not know who they are? A. Well, I ask the commission to subpoena Thaw and I ask the commission to subpoena Dr. Russell, Detective Hoffman and Supt. Scott as to this financial transaction.

By Chairman Carlisle. Q. Have you had any personal conversations with these men yourself, that you ask us to subpoena, Mr. Clark? A. Yes, sir, with all of them.

Q. Is there anybody else that you have had any personal communication with in connection with these matters that you stated here, whose name you have not given us, and that you asked us to subpoena? A. No, sir, those are the only ones that are involved in making it, because they are the parties to the transaction.

Q. Mr. Hoffman, he is a man who lives at White Plains? A. No, he lives, I believe, at Fishkill or Poughkeepsie. I don't know where he does live. Either of those two places.

Q. He is connected with the matter in what way? A. Well, he is Thaw's agent. "I think that covers all. We want you to stay around for the rest of the afternoon," said Mr. Carlisle.

"I will be here, don't worry about that," replied Clark.

Russell Knew Anhalt Well. Dr. Russell, when called, testified that the name of the lawyer who offered the bribe was "John Nicholson Anhalt," but that he had never seen him. He was told of being introduced to him at White Plains during the first part of the Thaw hearing and of inviting him to the hospital to inspect the prison residence. He told the attorney did so and that after seeing the attorney they had an automobile ride.

When they returned it was late and the attorney stayed overnight at his home.

The next time Dr. Russell saw Anhalt was on November 22 when he met him in New York City in response to a telephone call. Over the telephone Anhalt told the doctor, he said, that he would like to meet him on very important business and asked him to call on the telephone as soon as he reached New York.

Dr. Russell said he called Anhalt and he was hustled into a cab and the two were driven to the Savoy Hotel. Over their beer Anhalt told Dr. Russell, the latter testified, that he had \$25,000 in his pocket and that he could have any part of it if he would sign the certificate which would give Thaw his freedom.

"He told me," said Dr. Russell, "that he had heard that the release of Thaw was desired by Gov. Sulzer, so that

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he would not be embarrassed while Governor Sulzer was in office.

"Did you take any part of the money?" asked Chairman Norton.

"No, I did not," replied the doctor. "I told him to take it and to take it in my position and honor to do any such thing."

Asked what object Anhalt might have in carrying this money Dr. Russell said he wanted to make \$5,000.

"He would have given me," said Dr. Russell, "\$20,000 and kept \$5,000 for himself."

Following this incident, he said, they went to the street to the Plaza and that Anhalt said there he was going to repay Dr. Russell for the hospital he had shown him on his visit to Mattawan.

Dr. Russell said he went to Anhalt on December 16 at the Astor House, where they went into a side room and Mr. Anhalt again put the proposition to him, he said:

"Called Anhalt's Bluff." "I had determined to squelch the idea," Dr. Russell testified, "so I told him that if the Governor wanted Thaw released I would have to have an order from the Governor. I thought this would stop the whole proceeding. I called his bluff."

By Mr. Norton. Q. Did you regard that as the proper way to squelch such a proceeding? A. It worked.

Q. Did it occur to you that a reputable attorney would offer you, a public officer, money to do an official act which you were empowered by law to perform? A. No.

Q. Notwithstanding this you had a drink and cigars with him, went to a hotel with him, went through the park with him, rode in a car with him and went to the Horse show with him. How do you account for that? A. Simply lack of judgment on my part.

Q. Is there anything you can offer to this committee in any way to exonerate such conduct? A. Only that I didn't think at the time.

Q. Didn't it occur to you to disdain to have your name connected with a man who made such an offer? A. It did occur to me, but I can't say why I did it.

Advised Thaw to Hire Anhalt. The close relations of Russell and Anhalt were revealed when Dr. Russell admitted he had recommended Anhalt to Thaw as a good lawyer. Thaw asked Dr. Russell if he could see him at his office any day next week, and when the request was granted Thaw told Dr. Russell that he wanted his judgment as to whom he should select as a lawyer.

Dr. Russell said he recommended Anhalt "because he did not know any other lawyer at the time." Asked if it was the duty of the head of Mattawan to decide as to who counsel for inmates should be, he said he suggested the name of a lawyer in this case to conciliate Thaw, with whom he did not want to have any trouble.

Dr. Russell testified he wrote Anhalt asking him to meet him in New York. When he met Anhalt they talked of Thaw's need of a lawyer to represent him in the matter of Clifford Haridge's fee.

Dr. Russell said he did not believe Thaw was a paranoiac, and that this view was shared by several other physicians, among them Dr. Adolph Meyer of Baltimore. He said he believed Thaw was constitutionally inferior.

Col. Scott testified that he appointed Dr. Russell superintendent of Mattawan from a civil service list. He said that on February 10 Dr. Russell told him of a conversation with Mr. Clark in which the latter asked him to have Thaw released as "would please the Governor."

Dr. Russell told him then that Mr. Clark said he would get an order from the Governor through Dr. May of the Hospital Commission. Supt. Scott corroborated the testimony of Dr. May regarding their talk which led to Dr. May getting from the Governor an official permit that was in any way interested in the Thaw case.

Mr. Scott said he didn't tell the Governor of the attempt to bribe Dr. Russell because, according to the evidence, would be needed to convince the man who offered it, and it would be a case of Mr. Anhalt's word against Dr. Russell's.

"I don't share any responsibility for the attempt to bribe Dr. Russell," said Mr. Scott. "I accept full responsibility. We couldn't prosecute because of lack of evidence, so I let it stop right there."

"You knew then that the Governor wasn't interested in Thaw?" queried Mr. Norton.

"He said he wasn't," replied the Colonel. Chairman Carlisle wanted to know why Col. Scott had not told the commission when he was on the stand before it of the attempt to bribe Dr. Russell.

"Why should I?" asked the Colonel. "I am trying to find out," said Mr. Carlisle.

"Well, I took it to the Governor or was instrumental in taking it to him, and thought that was enough. You must remember that during the four days between the time I was told of this and the time Mr. Clark began investigating I was very busy testifying before this commission."

It was at this point that Chairman Carlisle asked if Col. Scott believed any action in the case should be taken now.

Col. Scott said "No."

ROCKEFELLER'S AUTO ROBBED.

Thieves Strip It of Lamps and Horn En Route to Florida.

SEA BREEZE, Fla., Feb. 24.—Thieves stripped the automobile of John D. Rockefeller of his lamps and horn while en route last week from New York to Daytona by freight. It was learned today at the Hotel Clarifond, where Mr. Rockefeller is stopping.

When crated for shipment in New York the automobile and its accessories were intact. The chauffeur ascertained this by a personal inspection. After the car was unloaded here last Monday the parts were missing.

Mr. Rockefeller has started an investigation to ascertain where the parts were stolen.

GUGGENHEIM DIVORCE STANDS. Illinois Court Upholds the Decree Which Mrs. Wahl Got.

CHICAGO, Feb. 24.—The divorce which Mrs. Grace Brown Herbert Guggenheim Wald obtained from William Guggenheim in Chicago on March 20, 1901, was upheld today by Judge Oscar E. Heard of the Circuit Court.

Judge Heard's decision ends a long fight to annul the decree and expunge the entire proceedings from the records of the court. If Judge Heard had set aside the decree Mrs. Wald and Mr. Guggenheim would have been man and wife again despite the fact that both married again after the granting of the divorce.

CITY JOTTINGS. Jacob Brody, a money lender, was found guilty of usury in the Court of Special Sessions yesterday and was remanded to the Tombs for sentence on Friday. A police man borrowed \$75 of Brody on April 12, 1912, and paid it back two weeks later and \$10 besides. Brody's place of business was at 116 Nassau street.

E. A. Karolson, a Manhattan lawyer, has given \$1,000 to St. Ann's Hospital for Consumptive in Brooklyn to endow a room in memory of his mother, Mrs. Adelaide Karolson.

Carnell Acate, a proprietor of grocery stores, dropped dead last night at the home of Nicholas D. Martino, 6 Washington street, Coronek, L. I. He had been telling Dr. Martino how he was going to send his wife in Italy and bring her to this country.

A jury in General Sessions Court last night could not agree in the case of Dr. Abraham Levy, an East Side physician, charged with selling cocaine.

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in next Sunday's Sun

HOLDUP VICTIM IDENTIFIES MEN.

Talk by Suspects in Cigar Store Robbery Results in Arrest.

Two men were arrested last night on the charge of holding up August Jacobson, who was in charge of a United Cigar store at Forty-second street and Eighth avenue at 8 o'clock Sunday morning, and robbing the place of \$200. They were identified by Jacobson.

The prisoners gave their names as John Dough, 20, of 228 West Twenty-fifth street, and Charles Andrews, a salesman, aged 35, of 250 West Eighteenth street. Dough later said he was Steve Winters, manager of various pugilists.

A man whose identity the police will not disclose on Saturday night overheard four men talking in a saloon of robbing the United Cigar company's store at Eighty-fifth street and Lexington avenue. Yesterday he hunted around saloons in Fourteenth street until he had located the quartet. Then he told the police about it and last night Detectives Kalbfleisch, Fitzpatrick, Randolph and Moore went to Fourteenth and Irving place and caught the two.

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