

CARRANZA'S AGENTS DENY BIG DEAL

Continued from First Page

his own, inspired only by the needs of the Mexican people. The undersigned has never had the honor of being introduced to Henry Clay Pierce and has never been in touch with him directly or indirectly and has never received a single cent from him."

"When President Madero, his brother Gustavo and other good friends of mine were assassinated and Huerta set himself up as dictator I lost no time in giving all the aid in my power to the Constitutional cause, represented by Gov. Carranza, who has meanwhile risen up in arms for the purpose of restoring a regime of law and order. In this connection I have, of course, held no official position and my services as adviser have been rendered voluntarily and without compensation."

"The insinuation that I have attempted to influence Gen. Carranza in favor of certain large interests in Mexico is absolutely false. I have not, however, hesitated to give him facts in respect to all matters which he has asked me to do that he could act intelligently. The insinuation, too, that the Constitutional movement has received aid from American or European capitalists and others is equally untrue. No such aid has been submitted which Gen. Carranza has invariably declined. The war has been carried on with the internal resources of the republic alone and I challenge any one to show the contrary."

"To be more specific, I desire to add that neither H. C. Pierce nor any interest which he is connected with has contributed one cent directly or indirectly in favor of the present revolution, nor has Mr. Pierce sought in any way to obtain any species of control over the interests in the northern States."

"Nothing Sensational."

"I fail to see in the series of alleged assigned copies of correspondence published in the Herald anything that should be mine, anything of sensational importance, and I regret that that newspaper should have questioned by its own comment a bona fide correspondence on the part of Mr. H. C. Pierce to conserve the properties belonging to the National Railroads of Mexico, in which he is the largest American individual security holder. It is true that some time ago I suggested to Gen. Carranza the formation of a provisional management of the railways under his control. It is also true that Mr. Pierce favored such a plan, believing it would be in the interests of all parties concerned, the Constitutional Government, the security holders and the bankers."

"I may add that there is nothing strange in the desire on the part of the Pierce Oil Corporation, in which Mr. H. C. Pierce is the dominating figure to reopen its agencies in northern Mexico after having been closed since the revolution to commence again upon the occupation of those States by the Constitutional forces. But the Herald seeks to cast suspicion on the motive of my advice to Gen. Carranza from the fact that the Government in Chihuahua a license to reenter that State, with some sinister intrigue."

"I notice also that mention is made of Messrs. Charles R. Flint and Charles R. Flint has long been interested in industrial development in northern Mexico. If the Herald is so anxious to make the invitation to publish correspondence of this character, supposed by it to have been stolen, I can do no more than express mild surprise."

Cabrera Tells of Interview.

"I have not now and have never had any connections or relations of any kind with Mr. Pierce. On January 1 last I received a letter from Gen. Carranza to investigate the legal conditions of the railroad because of reports which reached him that the National Railways were to go into the hands of a receiver. I subsequently met Mr. Carranza at that time of Gen. Carranza in Washington, and I was introduced to Mr. Pierce by his attorney, Mr. Hopkins, and the sole purpose of our interview was to make the invitation to publish correspondence of this character, supposed by it to have been stolen. I can do no more than express mild surprise."

"The only interest which Gen. Carranza was recognized as having in the revolution was the legitimate public interest arising from the fact that the Mexican Government owns a majority of the stock of the National Railways company."

"I have never met Mr. Pierce," said Mr. Flint. "I do not know him. Mr. Flint I have met and I have had cordial relations with him. Senores Zubaran, Cabrera and Pequeira, who were mentioned in the proposed arrangement I have been in touch with constantly and closely about the revolutionary cause, but none of them has ever mentioned his name to me. There is no reason why they should; it is not an affair that directly concerned my work or that I could have aided."

"As I look at it I can see nothing objectionable in such a plan to organize the railways in northern Mexico in a manner to gain Mr. Pierce's backing. After all, the revolution must have money from some source. It cannot possibly have what it needs except from some of the great international bankers. Mr. Pierce apparently would be able to enlist the support of some of these bankers."

"At present I am of the opinion that the revolution is financed only from three sources. One is the Constitutional paper money which we have issued and made legal tender in northern Mexico. The second is the money which is being loaned to us. Another source is forced loans—money we have compelled the inhabitants of conquered territory to advance for the cause. The third and only remaining source in which we have received money is by heavy taxes."

"We have been unable to raise any money outside of Mexico. I myself have tried to get some here in New York, with no success at all. The other gentlemen mentioned, Senores Cabrera, Zubaran and Pequeira, have not been able to raise money abroad for us."

"If by organizing and preserving the railways of our territory—over half the railways of Mexico are now in our hands—by operating them and so enlisting the aid of Mr. Pierce and others we can gain money to finance our cause I favor doing it. There can be no thought that in so doing Gen. Carranza or those associated with him will mortgage themselves or the revolutionary cause to foreign capitalists. Such a thing is impossible. Those who know the great and ancient Mexican people and the masses of Mexico who are back of the revolution know that were its leaders to betray the cause for the sake of foreign gold they would be lost."

A LIE, SAYS MADERO.

Francisco Madero, father of Francisco I. Madero, the assassinated President of Mexico, said last night at Asbury Park, where he has moved for the summer from his home in East Orange:

"I have read every word of the Herald story, but I don't want to talk about it except to say that the statement that President Madero's revolution was financed by the oil interests is not true. It is a lie."

STORY ANGERS ELGUERO.

Railroad Official Calls It "A Tissue of Falsities."

phatic denial was made to-day by the Mexican delegation of the allegation that "big business" was behind Gen. Huerta's bid to be elected to the non-referendum. Senores Babasa and Rodriguez ridiculed the suggestion that they represent the Cowdray interests. Senor Babasa said:

"We are the representatives of the Mexican Government. The interests we are here for are those of the Mexican people and the republic of Mexico. The mere thought that we are acting here on behalf of any commercial interest is unworthy of the Constitutionalists of Mexico."

Senor Luis Elguero was particularly incensed over the allegations contained in the article mentioned. Special reference was made to him in view of the fact that he is chairman of the board of directors of the National Railways of Mexico.

"This is a tissue of falsities," said Senor Elguero, pointing to the article in which he was mentioned. The statements concerning the Constitutionalists do not wish to discuss, but so far as my colleagues, Senor Babasa and Rodriguez, and myself are concerned it is ridiculous."

Senor Elguero added:

"The correspondence published in the Herald contains allusions to me which are entirely incorrect. I have never belonged to any political party in Mexico. Precisely because of this it was the late Gen. Francisco I. Madero's desire that I should continue as chairman of the board of directors of the National Railways of Mexico, a desire which he expressed to me in person at an interview I had with him in October, 1912, when I was re-elected to the position."

"Mr. Madero told me that it was his desire that the National Railways should be entirely dissociated from politics, and that therefore he wished me to remain on the board. This leads me to believe that the Herald is not impressed by the erroneous information about my person with which he seemed to have been furnished by Mr. Hopkins."

"It is not true, either, that I represent Lord Cowdray's personal interests on the board of the National Railways. It is equally untrue that Lord Cowdray has the slightest say or influence in the National Railways. Since the organization of the company known as the National Railways of Mexico I have been a member of its board, and in that time said company has had no business dealings with Lord Cowdray."

"The statement in the correspondence to which I am referring to the effect that Gen. Huerta's Government has failed to pay the interest on the railroad company's debts with the intention of giving the holders a pretext for a receivership for the same is also untrue. The interest to date has been duly covered."

No information has yet been received concerning the allegations of Gen. Carranza, who is expected to confer with Huerta's representatives."

PIERCE SILENT ON DEAL.

May Issue Statement Later, Is Only Announcement.

Although Henry Clay Pierce was in the city yesterday and part of the time at his home, 15 East Fifty-seventh street, he was not to be seen about the revelations of his effort to reenter the Mexican railway world through an agreement with Gen. Carranza.

The intimation at Mr. Pierce's house last night was that he might make a statement to-day regarding his part in the affair.

Charles R. Flint, who seems to have been associated with Mr. Pierce in the plan to form a new Mexican railway system, was seen yesterday at his home, 15 East Thirty-sixth street.

"I don't want to say anything about the story at this time," he said. "I don't see that I have any particular connection with the reported attempt to reshape the railroads in northern Mexico."

"Won't you say just in what way you were associated with Mr. Pierce in these overtures?" he was asked.

Mr. Flint laughed and declined to answer the question. Finally he said he might make a statement later.

"But why don't you go to Mr. Pierce?" he inquired with a grin. "He should be able to tell you all about the story."

The merchant was asked to tell about his two-day conference with Rafael Zubaran, Carranza's Minister of the Interior, about May 19. Immediately after this conference Mr. Flint gave out an enthusiastic interview predicting Huerta's speedy restoration to power.

Mr. Flint said that bankers had been found to finance the revolution, especially since it had become clear that Washington was recalcitrant to support Huerta and favored Carranza's cause.

Mr. Flint refused to tell anything about this conference with Zubaran yesterday. He recalled giving out the interview at that time, but he would not say whether he had ever mentioned the matter to anyone else.

It was on June 9 that Charles R. Flint & Co.'s shipment of 45,000 rounds of ammunition to northern Mexico was held up at Galveston by the order of Secretary of Commerce Pedfield.

Senor Francisco Urquidí, Gen. Carranza's agent in New York, told "The Sun" yesterday that he had not heard anything of the proposed deal between Henry Clay Pierce and Gen. Carranza until the publication of the correspondence.

"I have never met Mr. Pierce," said Urquidí. "I do not know him. Mr. Flint I have met and I have had cordial relations with him. Senores Zubaran, Cabrera and Pequeira, who were mentioned in the proposed arrangement I have been in touch with constantly and closely about the revolutionary cause, but none of them has ever mentioned his name to me. There is no reason why they should; it is not an affair that directly concerned my work or that I could have aided."

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PIERCE IN ALLEGED DEAL TO CONTROL RAILROADS

Head of Oil Company Said to Have Sought New Arrangement of Northern Lines of Mexico Now in the Hands of Rebels

A project in which Henry Clay Pierce was interested, to get Gen. Venustiano Carranza, acknowledged leader of the Mexican revolution, to unite the railways of northern Mexico in a new system, is revealed in letters and messages published in the New York Herald yesterday. Letters published in that newspaper, with the announcement that it has more in its possession, show that Capt. Sherbourne G. Hopkins of Washington, who was associated with Madero, was the intermediary between Gen. Carranza and Mr. Pierce. The First Chief of the Constitutionalists was urged to organize and operate the railroads in the territory under rebel control, depositing the present directors of the National Railways of Mexico and putting in their place men agreeable to Mr. Pierce and the Waters-Pierce Oil Company.

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Mr. Pierce said that he had been interested in the project since the late Gen. Francisco I. Madero's death. He said that he had been in touch with Mr. Carranza since that time and that he had been working to bring about a new arrangement of the railways of northern Mexico.

Charles R. Flint, the New York merchant who has long been in close touch with Latin America, is described as one of the men principally interested with Mr. Pierce in the railway scheme.

Others who had a hand in the project were Luis Cabrera, Carranza's Minister of the Interior, and Rafael Zubaran Capmany, Minister of Foreign Relations in the Carranza Cabinet, and the rebel special agent in Washington, Jose Vasconcelos, who kept watch on the mediation conferences at Niagara Falls, reporting their progress to Gen. Carranza, saw Mr. Pierce about the railway proposal, and Roberto V. Pequeira, Carranza's representative in El Paso, was present at a conference between Capt. Hopkins, Cabrera and Mr. Pierce.

Vasconcelos Got Cash.

Mr. Pierce paid Capt. Hopkins various sums while the endeavor to persuade Gen. Carranza to agree to the scheme was under way, and Vasconcelos seems to have received \$200 at one time from Mr. Pierce. Hopkins had trouble getting the money, he said he absolutely needed from Pierce.

The man selected to head the new organization of Mexican railways was Alberto Pani, at present designed to become Carranza's Minister of Communications and the Constitutionalists finally triumph. Pani was not known to Mr. Pierce, but Hopkins's frequent references to "my friend Pani" seem to have satisfied the oil man.

Gen. Carranza listened in polite silence to Hopkins's arguments and reasoning, but he was not in any way impressed by the agreement with him or Pierce. It is said that Carranza finally got ready to put Pani in as director of the railways, but Gen. Francisco Villa, who was ignored in the negotiations, kept Pani out. Gen. Villa was partial to his own, Gen. Eusebio Galzardo. When Villa refused to let Carranza put Pani in all Capt. Hopkins's labor of months went for nothing.

Sherbourne G. Hopkins, who is credited with backing the new "Constitutionalist" to the present revolution in Mexico with the hope of winning sympathy for it in the United States, is the son of Capt. Thomas S. Hopkins, a civil war veteran, who is senior member of the law firm of Hopkins & Hopkins, Washington, with a practice mostly confined to diplomatic matters and international law.

Henry Clay Pierce and the Waters-Pierce Oil Company have been the great rivals in Mexico of the Pearson interests, at the head of which is Lord Cowdray, with their immense oil and railroad investments. When the two companies were amalgamated in 1908 Mr. Pierce had large holdings in the Mexican Central Railway. These he disposed of to the railway merger, receiving in exchange securities of the National Railways. Mr. Pierce then became chairman of the National Railways board of directors.

The Pearson oil interests came to the support of Gen. Huerta and the former adherents of Porfirio Diaz when Madero was deposed and killed. Mr. Pierce refused to be selected as a director of the National Railways in October last. This has been ascribed to Lord Cowdray's influence.

Sherbourne Hopkins suggested to Mr. Pierce that a way to get railway control again would be to induce Gen. Carranza to form into one system the railways of northern Mexico with a suitable person at their head.

There was correspondence back and forth and by January 6 last matters had advanced far enough for a conference in New York. Mr. Pierce, Luis Cabrera, Roberto V. Pequeira and Hopkins met in this city and two days Hopkins wrote to Gen. Carranza as follows:

"I went to New York on the 6th inst. for the purpose of conferring with Lieut. Cabrera and Mr. Pequeira relative to the railroad situation, and returned the following day. I presented these gentlemen to Mr. Henry Clay Pierce, who indicated to them that he would render all the assistance possible. He stated to Mr. Cabrera that you would be rendering the Constitutional cause a great service by organizing and operating the National Railways of Mexico in the northern States under a new system, first for military ends and second for purposes of commerce. We discussed the matter in great detail and I consider that the advice given by Mr. Pierce was of great value."

First Chief Noncommittal.

Hopkins added that he would send Carranza a full memorandum of the conference. He did this on January 11. Gen. Carranza meditated in silence for three months on the scheme. At the end of that time the First Chief replied politely but without committing himself in any way about the Pierce-Hopkins proposals. In his memorandum of January 11 Hopkins rehearsed for Carranza's benefit Mr. Pierce's earlier relations to Mexican railroads and says:

"As you are aware however, Mr. Pierce was always considered an enemy of the Constitutional cause by the Constitutionalists, a great majority of whom were anxious after the completion of the merger to get rid of him and to enrich themselves at the expense of the national lines. Had it not been for the confidence which the bankers had in Mr. Pierce's judgment and for a contract signed by Senor Limantour guaranteeing to Mr. Pierce the right to name directors for the period of six years no doubt the

Confidentially would have robbed the lines in the most outrageous manner."

Hopkins told Carranza that when he went to Mexico City in June, 1911, after Madero had entered the capital he spoke to Carranza about the project. Carranza was of the National Railways directorate, Madero agreed and spoke to his brother Ernesto about it. Don Ernesto made suggestions, but the directors were changed, but Luis Elguero, now a Huerta delegate at the Niagara Falls mediation conference, was kept on the board and E. N. Brown was kept as president of the board. "The two men being in my opinion, the worst enemies the new Government had," says Hopkins. "Both of these were owners of shares of the Aguila Oil Company and received their orders from Lord Cowdray. Hopkin says Mr. Pierce hired him to make all the trouble he could at that time for the Confidentialists, which he did. For this job he got \$2,000 gold."

Pierce Sees Cabrera.

Hopkins goes on:

"I acquainted Mr. Pierce with the purpose of the mission of Mr. Cabrera and he authorized me to bring the latter to him. After introducing Mr. Cabrera, Mr. Pierce had no time and spoke directly to the point."

"He referred to the corruption which had controlled the National lines for so many years—especially so in the hands of the men principally interested with Mr. Pierce in the railway scheme."

"He said that in his opinion it was undoubtedly the purpose of Huerta and the group which now controls the lines to appeal to the tribunals of the city of Mexico to place the lines in the hands of a receiver, so that they might exercise more complete control over the property without the scrutiny of a board of directors. He added that he had shown the bankers the great danger they confronted there in doing so, as Mr. Brown were more receiver, and urged them to strongly protest against any such proceeding. The bankers were rapidly becoming convinced that it was the purpose of Huerta to sacrifice the roads for personal gain and that they would look with favor upon any movement on the part of the Constitutionalists to conserve the property."

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FACTS
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A billion of dollars invested in New York City alone in

GUARANTEED MORTGAGES
Without the loss of a dollar

LAWYERS MORTGAGE CO
RICHARD M. MURD, President
Capital & Surplus, \$8,750,000
100 Liberty St. N.Y. 156 Montague St. Bkn.

Mr. Pierce wanted done, as told above, Hopkins got no further with the negotiations. Carranza undertook to remove Gen. Villa's director of railways and put Alberto Pani in his place, although it does not appear that this was because Carranza had reached an agreement with Pierce and Hopkins, who wanted Pani in the job. Gen. Villa resented this move of the First Chief and insisted that Calzado, his own railway director, be retained. This was one of the factors in the quarrel between Carranza and Villa. On this point Villa had his way.

DISTRUSTS A B C GROUP.

Hopkins Told Carranza Mediators Would Seek a Compromise.

The Herald continues this morning its publication of the correspondence. One letter from Capt. Hopkins to Gen. Carranza warns the First Chief against Carranza's mediators, who, Hopkins said, would direct all their efforts toward effecting a compromise between the rebels and Huerta.

"In return for this Mr. Pierce and his associates were to give financial aid to the revolution. In return Mr. Pierce was to get privileges enabling him to reenter the northern Mexico oil field on advantageous terms."

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Sherbourne G. Hopkins, who is credited with backing the new "Constitutionalist" to the present revolution in Mexico with the hope of winning sympathy for it in the United States, is the son of Capt. Thomas S. Hopkins, a civil war veteran, who is senior member of the law firm of Hopkins & Hopkins, Washington, with a practice mostly confined to diplomatic matters and international law.

Henry Clay Pierce and the Waters-Pierce Oil Company have been the great rivals in Mexico of the Pearson interests, at the head of which is Lord Cowdray, with their immense oil and railroad investments. When the two companies were amalgamated in 1908 Mr. Pierce had large holdings in the Mexican Central Railway. These he disposed of to the railway merger, receiving in exchange securities of the National Railways. Mr. Pierce then became chairman of the National Railways board of directors.

The Pearson oil interests came to the support of Gen. Huerta and the former adherents of Porfirio Diaz when Madero was deposed and killed. Mr. Pierce refused to be selected as a director of the National Railways in October last. This has been ascribed to Lord Cowdray's influence.

Sherbourne Hopkins suggested to Mr. Pierce that a way to get railway control again would be to induce Gen. Carranza to form into one system the railways of northern Mexico with a suitable person at their head.

There was correspondence back and forth and by January 6 last matters had advanced far enough for a conference in New York. Mr. Pierce, Luis Cabrera, Roberto V. Pequeira and Hopkins met in this city and two days Hopkins wrote to Gen. Carranza as follows:

"I went to New York on the 6th inst. for the purpose of conferring with Lieut. Cabrera and Mr. Pequeira relative to the railroad situation, and returned the following day. I presented these gentlemen to Mr. Henry Clay Pierce, who indicated to them that he would render all the assistance possible. He stated to Mr. Cabrera that you would be rendering the Constitutional cause a great service by organizing and operating the National Railways of Mexico in the northern States under a new system, first for military ends and second for purposes of commerce. We discussed the matter in great detail and I consider that the advice given by Mr. Pierce was of great value."

First Chief Noncommittal.

Hopkins added that he would send Carranza a full memorandum of the conference. He did this on January 11. Gen. Carranza meditated in silence for three months on the scheme. At the end of that time the First Chief replied politely but without committing himself in any way about the Pierce-Hopkins proposals. In his memorandum of January 11 Hopkins rehearsed for Carranza's benefit Mr. Pierce's earlier relations to Mexican railroads and says:

"As you are aware however, Mr. Pierce was always considered an enemy of the Constitutional cause by the Constitutionalists, a great majority of whom were anxious after the completion of the merger to get rid of him and to enrich themselves at the expense of the national lines. Had it not been for the confidence which the bankers had in Mr. Pierce's judgment and for a contract signed by Senor Limantour guaranteeing to Mr. Pierce the right to name directors for the period of six years no doubt the

Confidentially would have robbed the lines in the most outrageous manner."

Hopkins told Carranza that when he went to Mexico City in June, 1911, after Madero had entered the capital he spoke to Carranza about the project. Carranza was of the National Railways directorate, Madero agreed and spoke to his brother Ernesto about it. Don Ernesto made suggestions, but the directors were changed, but Luis Elguero, now a Huerta delegate at the Niagara Falls mediation conference, was kept on the board and E.