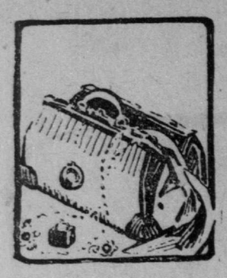
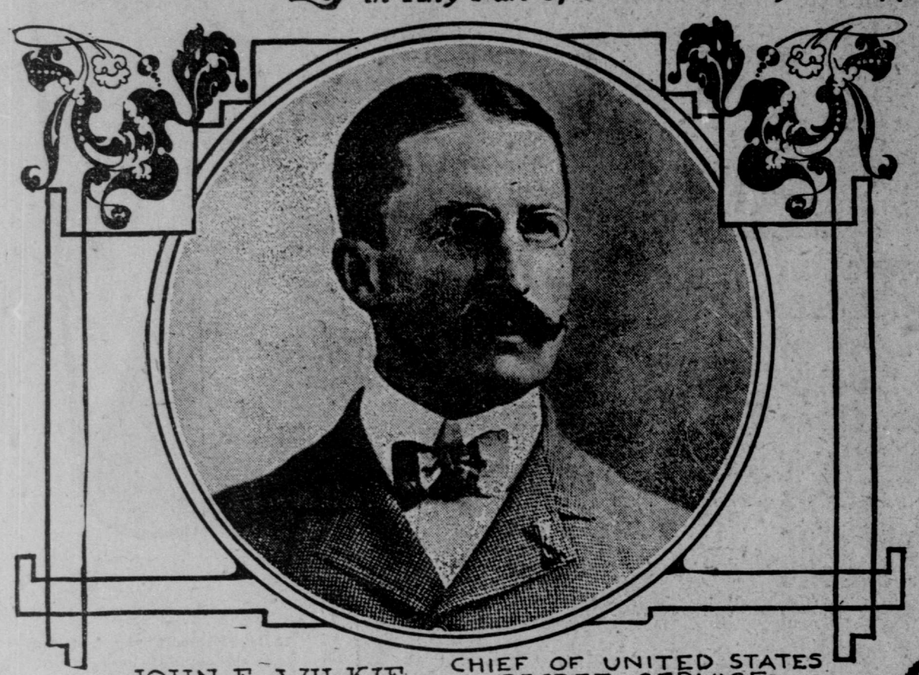


UNCLE SAM'S SILENT SPIES ON THE SMUGGLERS TRAIL

UNSEEN Operations of the Special Agents of the Treasury Department, by Which a Traveller Who Buys an Article in Any Part of the Globe May Be Apprehended on Failing to Declare It in New York.



JOHN. E. WILKIE CHIEF OF UNITED STATES SECRET SERVICE

FORBIDDEN by an executive order to speak about their work, their stations or their remuneration, the special agents of the treasury department are daily performing their secret tasks at home and abroad, to the confusion of those who attempt to defraud the government of its tariff duties on goods from beyond the seas.

It is quite obvious that the secret work of the division, together with information relating to its inner workings, must be withheld from the public in order to permit its agents to exercise their peculiar abilities to the fullest extent. It follows, therefore, as a matter of course, that little or nothing relating to the actual work and personnel of this remarkable organization has ever been made public. From time to time brief articles anent the special agent and his romantic duties have appeared in various periodicals, but with the possible exception of the $100,000 award to Richard Parr, special agent, for his discovery of the secret spring used by employes of the sugar trust, newspaper accounts of the intimate doings of the special agents have been scant.

Although the division is an auxiliary to the customs service, working along similar lines to a common end, the special agents are entirely independent of the staffs of the collectors of customs at the different ports. They recognize but two superiors—Chief John E. Wilkie and the secretary of the treasury—and might be said to bear the same relation to a collector of customs that the rudder of a steamship bears to its propeller, in that each is dependent upon the other.

Since President Taft appointed John E. Wilkie as chief of the division of special agents on May 24 of the present year, Wilkie has continued in charge of the division of secret service. Thus these two important divisions of the treasury department have been combined under a single head—each one, however, preserving its identity as an entirely separate organization.

The territory of the United States is divided up into a number of districts, each one under the supervision of an officer entitled "special agent in charge." The district chief is usually selected from the highest salaried grade of the force, and, as these men are in receipt of $12 per diem and are paid for every day in the calendar year, their individual yearly salaries amount to the snug little sum of $4,380. They are also entitled to traveling expenses not to exceed $5 daily, and in the event that they should be instrumental in the seizure of smuggled goods they are entitled to a share of the proceeds, ranging from 5 to 50 per cent, at the discretion of the secretary of the treasury.

Men of the second grade receive $10 per diem, while third grade agents worry along at the entrance salary of $8 a day until a successful coup or important seizure results in their promotion.

A customs district and a special agent's district differ in that what is known as the customs district of New York may consist of New York, Jersey City and Hoboken, while the New York district of special agents may embrace the entire states of New York and New Jersey. It takes 30 agents to cover the district of New York under Special Agent in Charge Cummings, while, on the other hand, one special agent covers the district of Texas, which takes in the gulf ports of that state and extends along the Rio Grande to within a short distance of El Paso.

CONFIDENTIAL AGENTS ABROAD

Europe is divided into five districts, and the district chiefs are entitled "confidential agents." The district of Paris takes in nearly the whole of France, and from his desk at the French capital Confidential Agent Howland knows what is "doing" in the silk mills of Lyons fully as well as he knows who purchases a necklace of matched pearls or a rare bronze in some Avenue de l'Opera establishment near by.

Confidential Agent Chance at London keeps his finger upon the pulse of English manufactures and exports. He knows to a fraction of a farthing what it costs to produce a certain woolen. He knows of labor conditions in Manchester. He keeps in touch with the cutlery trade of Birmingham. What he does not know he finds out quickly and uses the cable. Should a shipment of merchandise consigned to New York and subject to an ad valorem duty be declared at a lower value than Mr. Chance approves either one of two things may happen. A whisper to the United States consul, and that official withholds his signature and seal from the consular invoice. Or a coded cable message to New York will stir up Mr. Loeb's board of appraisers, to the ultimate discomfiture of the scheming consignee.

Confidential Agent Kaufman, with headquarters at St. Gall, knows a thing or two about lace and embroidered textiles. He knows the rate paid by the hundred stitches by the Swiss manufacturers, and he knows how many stitches make a hundred. He receives one of the highest salaries ever paid a confidential agent and earns it over and over again. When he is not extremely busy in the lace establishments at St. Gall he slips across Switzerland to Geneva. Should an absent minded American tourist purchase upon a Jersey City steamship pier—the outcome would most likely be the same.

In addition to these five European confidential agents there are usually two other men in the field, who enjoy the complete confidence of the secretary of the treasury. These men hold roving commissions, as it were. They are constantly on the move, handling special matters. One day may find them conferring with the United States consul at Turin. A day or two later may find one of them in an Austrian pottery, while the other may be on his way to London in response to a cablegram.

These roving confidential agents are constantly changed. The secretary of the treasury may suddenly decide to send a new man abroad, a man unknown to the European agents. This man may remain abroad a year. He may reside in Cologne for six months or more without going near the resident confidential agent, or, for that matter, without making his presence known at the United States consulate. He has a split second minute repeating chronograph in Geneva and forget to declare the same just before landing in New York, it is more than likely that the tourist would subsequently experience an unpleasant half hour and that some jeweler's apprentice or Geneva or hotel runner would in due time be the richer by a few francs.

At Berlin, Confidential Agent Achenbach holds forth. Chemicals, colors and textile products from Saxony take up much of his time, when he is not otherwise occupied with porcelain and glass from Bavaria. His intimate knowledge of the German cutlery industry recently bore fruit in New York in the shape of certain seizures for undervaluation, and should the importers of German hardware hold an unpopularity contest at any time in the near future Mr. Achenbach would easily distance all other contestants. He enjoys a good salary and also the complete confidence of his superiors.

Confidential Agent Gottschalke is in charge of the district of Cologne. The diamond cutting cities of Antwerp and Amsterdam are situated within this district, and although the confidential agent is furnished with complete reports of the daily sales of precious stones he is very seldom called upon to take action. Diamond smuggling as a commercial proposition is a thing of the past. In the days when polished stones were subject to a duty of 25 per cent ad valorem it paid to smuggle them. Now that the duty is but 10 per cent, scarcely any American dealer in precious stones is willing to risk the seizure of a lot of valuable diamonds for the sake of evading the comparatively small amount of duty.

True, from time to time sporadic attempts are made to smuggle diamonds into the United States. A retail jeweler abroad on his first trip, or a wealthy tourist with a desire to get something cheap, might make an investment at Amsterdam. The chances would be about a hundred to one that Gottschalke would be furnished with a report inside of the space of four hours. The report would embody the name of the purchaser or his alias, his or her personal description, a description of accompanying person or persons, the local hotel address, the number of karats purchased, together with a minute description of the stones and the amount paid.

With this information in his possession the confidential agent would take steps to see that Uncle Sam got his share. The denouement might happen upon the international bridge at Niagara Falls; it might occur some 40 miles south of Montreal, or it might be year back. It resulted in a sum of money being turned into the national treasury—enough to pay this man's salary for a lifetime, in fact.

"There may be something romantic about the European end of the game. Our men over there have constant dealings with spies, waiters, couriers and clerks of all kinds, who have stories to tell and want to become informers. But there's nothing romantic about the New York part of it. Our duties require us to keep in constant touch with trade conditions. If Panama hats are being improperly invoiced and classified, we're supposed to know about it. If kid glove values take a jump abroad, we are advised and act accordingly.

"Many of our cases we dig up ourselves, but we couldn't get along without the informers. They are of all sorts and conditions of men and women, actuated by a thousand different motives. Trade rivalry might head the list of motives. Revenge, jealousy, a desire for an informer's fee and a love of fun all enter his instructions and he carries them out. He speaks the language of the country like a native.

He knows who visits the resident confidential agent. He knows who his visitors are. He knows where he lunches and dines and with whom. He makes his reports through the mails, but, strange to say, his envelopes are never addressed to the secretary of the treasury. The confidential reports are mailed under cover to a "blind" address, and are subsequently forwarded to Washington from Baltimore, Philadelphia or some other city, as the case may be.

Not that the secretary of the treasury distrusts the residential confidential agent—not at all. He simply wishes to keep thoroughly posted. The very best of men go wrong at times, and the secretary wants to be sure. His European agents are subjected to almost every form of temptation under the sun. They are thousands of miles away from their homes. It takes men of fiber and caliber to hold out against this constant strain, and to the credit of the division of special agents let it be said that the confidence of the secretary of the treasury has seldom been misplaced.

There is another strain, however—the fear of not being able to make good. Matters were not running smoothly with Confidential Agent Bainbridge when he committed suicide in Paris a few years ago. His record and accounts were straight, though, and had he stayed his hand for a few days all would have been well with him.

METHODS OF THE SPECIAL AGENTS

"The public imagines that we're a lot of Hawkshaws that sneak around the country in false whiskers," declared a special agent. "Such is not the case. Nearly all of our work is straightforward and of the hardest kind. It has been reduced to a business proposition. We all get good salaries and we earn every penny of it over and over again. Parr drew a good salary and received a bonus of $100,000 for his work in connection with the sugar frauds. On the other hand, the government received millions of dollars. I don't know of a man in the service who doesn't save the government enough money inside of one year to pay his salary for 10 years.

"Here's a case in point: Not very long ago one of our men discovered that a slight error had been made by the government in fixing the American equivalent in value of a Persian gold coin called a 'toman.' The error involved the duties on millions of dollars' worth of expensive rugs, carpets and other Persian exports and was in favor of the importers. The correct value was ascertained and the books were overhauled for a their fun, and now they've got to pay the fiddler. Fortunately for the country, the customs service at large is a fine, honest body of men. It's a mighty fine apple that hasn't got a speck on it, and it's the same way with the service.

THE DISHONEST EXAMINER

"That customs examiner in a Chicago silk case made a good thing out of it for years until he was apprehended. The Chicago firm made a specialty of pongee silks. For a number of years they sold silk at a lower rate than they could import it from abroad. It was the same way with all the other big silk merchants in the country. The firm virtually cornered the market. It was too good to last.

"In due time the case came to us. We would have had it before had it been an instance of simple undervaluation. In that respect all was regular. We finally ran the matter down and traced it to a dishonest examiner. The buyer had been paying him to alter the weights on the invoices. Bales of silk weighing 580 pounds were invoiced at 58 pounds; 400 pound bales were invoiced at 40 pounds, and so on. One of the invoices had been altered by the examiner in such a manner that the firm had paid but $40 duty on a bale which should have paid $1,200 at least. It was no wonder that the concern could sell silks cehaper than any other American firm.

"A few years ago we received an anonymous telephonic warning to the effect that a certain firm of Havana leaf tobacco dealers was selling Havana wrappers 'under the market.' We found that this firm had been importing its tobacco through the port of Tampa and thence by rail to New York. The usual and cheaper course is by direct steamers from Havana to New York. We seized a large number of bales, which had been invoiced at a low rate of duty as 'fillers and binders,' and found them to contain a select quality of wrappers, subject to a much higher rate of duty. There was nothing dishonest about the transaction in so far as the customs officials at Tampa were concerned. The introduction of the merchandise under a false classification had been made possible by a rather lax system of inspection at Tampa, which was subsequently remedied. The New York firm knew better than to try the game on at this port of entry.

"What are we before we become special agents? Everything, almost. Bank clerks, bookkeepers, clerks, furriers, weavers and chemists. The division has representatives who speak almost all of the living languages, as well as many of the dead ones. Some of our experts and confidential agents are naturalized citizens, but most of us are native Americans. The division is now under the civil service, and any man who enters it will be promoted as rapidly as he deserves.

"To a great extent we receive our various assignments according to our natural bent. If a special agent was formerly an expert bookkeeper, we'd quite naturally call upon him when it became necessary to go through the books of some importing house suspected of undervaluation methods or fake discount schemes. If the agent happens to be a former cow puncher from down Texas way, and great numbers of cattle were being driven across the Mexican border in an attempt to evade the payment of duty, the former cowboy would be very likely to find himself down in Laredo or thereabouts, with orders to take to the field and get to the bottom of the rascality.

"There are no great sums of money accumulated nowadays by our boys, as most of our work is preventive. We have no share in the spoils unless we make a seizure after goods have been smuggled. Parr's case is the exception, which proves the rule. The good old days when the moiety act was in force have long since passed. Mr. Jayne, formerly special agent, received $328,000 from the government for his share under the terms of the old act during a few years of service. He professed to have paid out of this sum nearly $200,000 to informers, who told him where and when to look for smuggled goods. It's no longer possible.

"It's very interesting work, though. Once in a while we get abroad. We find the consuls very nice to us—always willing and ready to help us or entertain us. We're a self-supporting division. We're not a burden on the tax payers, like some other——

"Hold on!" he interrupted himself. "I guess I've been talking too much, and it's strictly against orders."

William Loeb Jr., the collector of customs at New York, who has been largely instrumental in saving the government some $3,780,000 during the 29 months of his stewardship, knows the value of the secret division, for during a recent hearing before the house committee on ways and means he spoke substantially as follows:

"I heartily approve giving these men (the special agents) larger salaries. If I have been successful in breaking up smuggling and undervaluation frauds at the port of New York and in securing the refund of substantial sums of money to the government at various times, I wish it to be understood that the division of special agents has in no small measure been responsible for it. They are a loyal, valuable body of men, and, in my opinion, should be given more pay."

Verily, the division of special agents of the treasury department is an important organization of men, far from being a burden upon the tax payers of the nation.

"We Seized a Large Number of Bales, Which Had Been Invoiced at a Low Rate of Duty as 'Fillers and Binders,' and Found Them to Contain a Select Quality of Wrappers"

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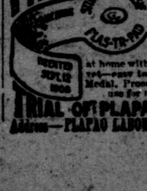

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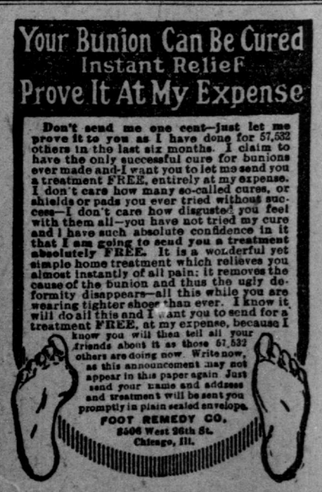

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