for the financial management was found.

"You took Charles M. Schwab to construct ships. He was a driver of men and not an accountant. He got contracts and pushed them, leaving the accounting to the proper division. Similarly you took P. A. S. Franklin to direct the operation of the programme. Here, again, was a man familiar with his work, able to lay down fundamental principles and a safe working programme, but no man with the accounting ability to take care of the huge sums appropriated had been found. This could and should have been done. If the Government had gone to Judge Gary and told him the Government was at war and wanted, not Judge Gary himself, but his very best comptroller, then a man with the experience and the ability would have been produced."

Huge Profits Permitted.

Mr. Gillen testified that owners of ships requisitioned by the Government in 1917 were allowed to make profits far in excess of what this country allowed other industries to make and far in excess of what Great Britain allowed her ship owners whose ships were commandeered in the emergency.

Under the present valuation of tonnage, he said, it is impossible for this country to operate an efficient merchant marine. He said the price of ships should be cut to 125 a dead weight ton and a sound investment market for shipping organizations created by establishing a fair value for tonnage. The present rates were fixed by Congress and not by the Shipping Board.

"The American people fail to realize," said Mr. Gillen, "that they have amortized more than $2,000,000,000 of the value of these ships built as a war emergency when a bridge of ships was demanded. A loss must be accepted due to the emergency under which they were built, the same as it is for unused powder.

"The market for ships is not what it was in December. At that time if they could have been sold at a fair price between 300 and 600 ships would have been absorbed by the American market.

"This Government must bravely meet the conditions and sell the ships at market prices, the same as Secretary Houston is advising Americans to do with other commodities."

The Government also faces a loss, Mr. Gillen said, on the ships which were sold shortly after the armistice to "pioneers" for about $200 per deadweight ton. Since then these owners have made no profit because of the fall in freight rates, and the Government has sold other ships for $125 per ton. The "pioneer" operators face ruin and the Government faces a loss because the ships were not sold outright, but on the instalment plan, and if the firms are bankrupt the Government will have the old ships thrown back upon its hands.

Found Funds in Eight N. Y. Banks

Mr. Gillen described himself as an expert in the reorganization of large business enterprises until the war started. He joined the War Industries Board then, he said, and furnished the basic principles of industrial mobilization which were instituted by Bernard M. Baruch. After a year he accepted a position with Judge Payne on condition that he would be unhampered in his work and answerable only to the chairman.

In the fall of last year, Mr. Gillen said, he discovered that of the 8,000 voyage accounts only eight had been audited since the beginning of the war, and that there were no data by which the Shipping Board could determine how much of its funds was in the hands of ship operators or where those funds were. He made a hurried trip to New York in October, he said, and found that eight banks held $21,250,000 of Shipping Board funds. He learned that many ship operators were maintaining bank accounts with Shipping Board money in their own names. He estimated that these accounts would total five or six millions more.

Upon learning these facts, he said, he recommended to Judge Payne that changes should be made in the accounting system. It was then that the force of 900 accountants was put to work to trace the funds. By February 1, 1920, more than 4,000 of these accounts had been audited. They showed that the excess funds in the hands of the ship operators were $120,000,000, none of which was shown by any records until the work of bringing the accounts up to date was undertaken.

Since then, Mr. Gillen said, the Shipping Board has maintained a central fund of $16,000,000 for emergency uses of the 176 ship operators throughout the country.

Mr. Gillen testified that since its inception the Shipping Board has handled approximately $3,850,000,000. This represents Congressional appropriations of $3,450,000,000 and $400,000,000 collected for wartime cargoes. Of this total, he said, some $50,000,000 remains in the hands of the Shipping Board.

Defects Revealed by Claims.

The witness said the Emergency Fleet Corporation had to take care of and disburse appropriations from Congress amounting to $3,204,000,000. He said it was necessary to have accounts of cash advanced to shipbuilders, money paid to ship owners on requisitioned vessels and separate accounts for labor and all classes of material.

Shortly after the books were opened, he said, they were all taken to Philadelphia. Meanwhile final contracts were being entered into at Washington while an enormous construction programme was going on at Philadelphia. Books also were opened in the thirteen construction districts.

The defects of the system were seen when individual contractors brought up claims for final settlement. Judge Payne, he said, called his attention to the large number of outstanding claims and the fact that no records were available whereby he could determine the amounts due.

Mr. Gillen explained the rule limiting the Government's liabilities in the cases of requisitioned ships. The rule was laid down by Joseph Cotton of the firm of McAdoo, Cotton & Franklin, and Rear Admiral Washington L. Capps. The English practice was for the Government to take over anything it needed and pay only just compensation, without responsibility for consequential damages. The "Cotton" rule was that the Government took over yards, ships on the ways and materials in the yards, but assumed no liabilities to carry out the contracts already entered into. This was a wise rule, Mr. Gillen said, and saved the Government more than $150,000,000.

The requisition programme called for an expenditure of $800,000,000, the witness said. The construction division had no record of inventories in the yards, no record of payments to owners for labor, and not for many months was it known how much material was on hand. Before these facts arrived many large claims had been settled at a tremendous loss to the Government because there was no data to combat exorbitant claims.

Gamble on Norway Contracts.

An instance given by the witness was that of the oil tanker William Jefferson, being built at the Union Iron Works. When taken over the ship was about 90 per cent. complete. The owner had contracted to pay $1,035,000 and had paid on account $672,000. In the settlement the owner received $2,570,340, or more than double his contract price, according to Mr. Gillen. In addition the Government paid out more than $300,000 to complete the ship.

Mr. Gillen said this settlement was made at Washington without adhering to the "Cotton rule," without the knowledge of the Emergency Fleet Corporation and without reference to yard data. The settlement was made by "trading."

Contracts were gambled on in Norway, Mr. Gillen said. For instance, a contractor had a contract calling for $160 a deadweight ton pending the settlement. He would sell it for $172. This process continued until in some cases the last holder put in a claim for $320 a deadweight ton.

Mr. Gillen said that the Government paid profiteer prices for settlement of the claim of the Mitsui Company for ships requisitioned at the yards of the Skinner & Eddy Company on the Pacific coast. The Mitsui Company had contracted for ships at $235 a ton and were allowed to pass that on to the Government.

Judge Payne adopted the rule soon after he took office, Mr. Gillen said, that no claim would be paid until a complete audit of all the accounts had been made. These audits disclosed that some $562,000,000 of ship materials which the Emergency Fleet Corporation had delivered to contractors had never been distributed among the yards or charged to the accounts of the individual contractors because of the system of faulty accounting.

Mr. Gillen said that Judge Payne by laying down basic principles had saved the Government large sums of money. He cited a number of instances. One of them was the claim presented by the Norwegian ship owners in what was known as the "Christiania Group" for fifteen ships requisitioned by the United States. The Norwegians presented a claim for $14,157,000. After an investigation the Shipping Board allowed only $2,506,387. Other instances involved Italian and French claimants. In each case Judge Payne by applying the "Cotton rule" cut down their claims.

Tells of Pusey and Jones Case.

Awards have been completed on all but two or three of the 461 ships which the Shipping Board commandeered, Mr. Gillen said.

The witness discussed the "famous Pusey & Jones case," describing the method by which the Government took over the $84,000,000 worth of ship contracts which the Cunard Company placed in this country for the British government prior to the entry of the United States into the war. The contracts were let to Pusey & Jones through Christian Hannevig said to have been the sole stockholder of the Pusey & Jones Company and its five subsidiaries. The Cunard Company advanced more than $3,000,000 to him before the contracts were turned over to the Shipping Board. In the settlement the board deducted the $3,000,000 from its allowance to Hannevig of $7,107,000.

Mr. Gillen said that Hannevig attempted to collect a profit for both the work of the Pusey & Jones Company and its subsidiaries.

Robert A. Dean, the attorney in charge of the negotiation of many of the settlements, was described by Mr. Gillen as a man who "lacked resistance," though he declared that there was no doubt of Mr. Dean's absolute integrity. He said, however, that a claimant with lots of nerve could press a claim and "get away with it" when the Shipping Board official lacked the intimate knowledge of the contract terms.

The name of John H. Rossiter, director of operations, was brought into the testimony. Mr. Gillen said that Rossiter had admitted to him that he did not know anything about the accounts; that they were the business of the treasurer or comptroller. Mr. Gillen said a matter of some $120,000,000 was floating around the country and nobody knew where it was.

"Mr. Rossiter told me," said Mr. Gillen, "that he did not know where it was, but he understood it was somewhere."

Mr. Gillen characterized the work of Mr. Tweedale in bringing up to date the old accounts of the Shipping Board as "one of the most courageous and efficient pieces of work I have ever seen."

Tweedale's Work Counts.

When Mr. Tweedale took office, the witness said, he at once took steps to comply with the act of Congress requiring an accounting of the finances of the board. By October, 1919, he filed statements for the months of July and August, 1918, and every month thereafter he filed statements covering two more months until now, when he is nearly up with the work.

Mr. Gillen said that there was no evidence of fraud in any of these accounts. If there had been any fraud, he said, it would have showed up when Tweedale got to work on the vouchers. However, he said that payrolls never could be checked up, and that after all the system "left the door wide open to fraud." He said also that the American shipbuilders as a rule were honest, though frequently taking rather high profits when they could get them.

The profits allowed ship owners at a time when other industries were supposed to be content with 10 per cent. profit was a bad feature of the system, Mr. Gillen said. He explained that 80 per cent. of the private owners had built their ships several years ago at a cost of about $75 per deadweight ton. The Government allowed them 10 per cent. for depreciation and 15 per cent. for profit and interest. This would not have been objectionable, he said, if the 20 or 25 per cent. profit had been on the original cost of the ships, which was $75 a ton. The trouble lay in the fact that the value was jumped from $75 to $175, allowing the owners what Mr. Gillen called "some considerable profit."

The figures given by Mr. Gillen showed that the Shipping Board allowed $4.15 a month for each deadweight ton of cargo ships and $5.75 a month for passenger vessels. At the same time the British Government was paying slightly more than $2 for the freighters it had commandeered and $4.15 for the passenger vessels. To earn this money, however, the English operators had to pay their crews and for their deck and engine room supplies. The United States Government paid ship owners the high figures free of all charges.

Mr. Gillen quoted Judge Payne as saying that the American ship owners were handsomely treated. He also pointed out that every other industry was being held down to a normal profit and non-essential industries being put out of business altogether. With the ship owners, Mr. Gillen said, the Government guaranteed compensation, paid insurance charges and assumed the liability if ships were sunk. It even went so far as to provide crews.

"Coddling" Ship Owners.

"Shipping dollars aren't any more sacred than dollars in any other line of business," declared Mr. Gillen in making his objections to the "coddling" of the ship owners more emphatic.

Representative Kelley asked Mr. Gillen if the right type of men had been put in charge of Shipping Board affairs at the beginning. The witness replied that obviously something was wrong; that the squabbles over wooden versus steel ships would never have occurred otherwise and that all the tangled accounts and other mixups would have been prevented.

"But how about before Judge Payne?" asekd Representative Kelley. "Have you any criticism to make of the men appointed to handle the work?"

"That is not a fair question," replied Mr. Gillen. "I am an honorable gentleman—and a Republican as well, Mr. Kelley."

Representative Kelley insisted on knowing more about the opinions of the witness on the early appointments. Mr. Gillen at first said he did not think that line of questioning quite fair to him on account of his having been a Wilson appointee. Then he jumped to his feet suddenly, banged his fist against the table and shouted:

"I'll try to answer your questions, anyhow! I have told President Wilson and I have told the President-elect, Mr. Harding, that the big administrative jobs of the Government should have men of known administrative ability.

"It is the duty of the President to tell the Senate committees which have the approval of these appointments that the responsibility is theirs as much as his. Make the Senate take the responsibility like it does in treaty making and let the President not feel hurt when it disapproves of some men.

"Not until we cut out the political appointments for these big administrative jobs—and the Democrats are no more to blame than the Republicans—will we have efficient government in this country. Too many politicians get the jobs where 'airplane vision' is needed. The Senate should do more than see that the President's appointees to administrative jobs have some experience in addition to being of good moral character."

Mr. Gillen sat back in his chair and smiled apologetically.

"I beg your pardon," he said, "but this is a hobby of mine."

TO GIVE UP ALIEN COPYRIGHTS

LONDON, Nov. 17.—The Board of Trade has directed the Public Custodian to divest himself of copyrights previously owned by German and Austrian Nationals and of patents previously owned by Austrian and Bulgarian Nationalists.

Nebraska Farm Credit Wasted $100,000,000

OMAHA, Nov. 17.—Commenting on the money situation as it affects the farmer J. W. Shorthill of Omaha, former secretary of the Nebraska Farmers' Cooperative Grain and Live Stock Association, told delegates attending the association's annual meeting here to-day that more than $100,000,000 was spent in Nebraska recently "on worthless stocks and other foolish ventures that we choose to call investments." Touching upon credit for the farmer Mr. Shorthill declared:

"We have already had too much credit rather than too little. There has been so much credit in Nebraska that foolish ventures were made when we ought to have known better."

MORSE FREIGHT LINE IN RECEIVER'S HANDS

Atlantic-Adriatic Steamship Corporation Hit by Drop in Rates.

LIABILITIES $3,000,000

Seven Vessels Purchased From Shipping Board Said to Be Sole Asset.

The Atlantic-Adriatic Steamship Corporation, recently organized by Benjamin W. Morse, a son of Charles W. Morse, to operate a line of freighters between New York and Mediterranean ports, was forced into a receivership yesterday because of the decline in freight rates.

The Morse concern owns seven ships purchased from the United States Shipping Board on time payment. Only $5,000 has been paid on each vessel thus far, it was said. The total purchase price was approximately $6,500,000. Five of the ships are German war prizes; the other two were built by the Emergency Fleet Corporation. They are the Pawnee, Ascutney, Arcadia, Andalusia, Pequot, Englewood and Galesburg.

George W. Sterling, assistant director of operations for the Shipping Board, was appointed equity receiver by Judge Julius M. Mayer in the United States District Court. The complaint was filed by Marsh & McLennan, insurance brokers of 80 Maiden lane, in an equity suit to recover $27,325 for insurance premiums. The liabilities of the defendant are estimated at more than $3,000,000; assets were not stated, but are said to consist principally of the seven ships.

Of the liabilities alleged in the bill of equity $500,000 was said to be involved in litigation.

W. Davis Conrad, counsel for the Shipping Board, issued a statement, which follows in part:

"Owing to the falling freight rates the Atlantic-Adriatic Steamship Corporation has found itself in temporary financial difficulty.

"It has been decided that to conserve the best interests of all concerned a receiver be appointed. Mr. Sterling's experience and reputation as a shipping man give assurance that the affairs of the company will be administered properly. It is stated by officials of the United States Shipping Board that there is no criticism of B. W. Morse's administration of this company, so far as the facts are now developed."

NEW HEAD FOR TRINITY.

HARTFORD, Conn., Nov. 17.—The Rev. Remsen Brinckerhoff Ogilby, former master of Groton School at Groton, Mass., was inducted to-day as twelfth president of Trinity College.

CONSTANTINE AID IS GOING TO GREECE

Continued from First Page.

the only peaceable solution of the problem."

French officials are seeking further information regarding reports from Lucerne that Queen Sophie during the last few weeks received constant visits from Berlin officials, as well as bulky missives from her brothers (the ex-Emperor and Prince Henry of Prussia). These reports, coupled with alarming signs that a coup d'etat is proposed by the German militarists, lead some observers here to believe that an effort to again place Constantine on the throne will be simultaneous with a movement to bring back the Prussian regime to Berlin.

NEW GREEK PREMIER AGAINST CONSTANTINE

But Former King May Rule Again, He Admits.

By the Associated Press.

ATHENS, Nov. 17.—George Rhallis, who has formed a Ministry to take the place of that of M. Venizelos, always has been opposed to the policies of M. Venizelos. He is known to be opposed to former King Constantine also. Regarding Constantine, M. Rhallis said to-day:

"It is possible that Constantine may return to power. In this connection the Allies should remember that he is more pro-Greek than pro-German. He also is something of a militarist."

"Constantine is our rightful King," former Premier Gounaris, leader of the successful party in the Greek elections, told the correspondent to-day, "and we expect him back as soon as a plebiscite is held showing that the people want him.

"It was the intention of Constantine to return after the plebiscite, and I have no message so far from him that he is coming earlier.

"We wish to avoid civil war and further troubles. We shall pursue a policy of conciliation, not vengeance, toward the Venizelists. We do not expect a revolt in the army, which is really Constantinist.

"We shall continue the foreign policy of Venizelos. We hope to keep Smyrna through an amicable arrangement with the Turks."

One of the election aftermaths here is a report that supporters of Venizelos planned a coup d'etat to prevent their defeat. M. Montagna, Italian Minister, is said to have called upon Venizelos and, informing him of the plot, told the Premier he would be responsible if there was any bloodshed.

It is declared Premier Venizelos, before resigning, issued the strictest orders for the enforcement of order.

ROBBER POLITE AS HE TAKES GEMS

Continued from First Page.

elry she was wearing, two of them, leaving her under guard of Pierre, went down and ransacked the house.

It was when these two returned for the first time that Pierre proved the quality that is in him. The returning two asked gruffly for the diamond collar which Mrs. Palmer says she never owned, but which they, for some reason they did not give, were certain was about the place. She told them she did not have such an object and instantly they mentioned violence, but Pierre reminded them that they were talking to a lady and, in the especial circumstances, ought to accept her word, at least once. Seeing the inexorable reasoning of this they went downstairs again.

After they had gone Pierre offered Mrs. Palmer drink from a silver flask. She refused it and he suggested a cigarette. This also she would not have, and, removing her gag and telling her that she could speak if she didn't speak too loudly, he said that it was only fair she have some small comfort in her situation and begged her to say what it would be. She did not have to think, for she had been thinking of two things for a long while; one was her bottle of smelling salts and the other a throat spray she uses. Pierre fetched them forthwith.

She states also that five more times before dawn he spoke up as her advocate and ultimately seemed to convince his associates that there was no diamond collar in the house. At all events, they desisted from searching for it toward daybreak, and shortly after that, and for the fifth time, Pierre sprayed Mrs. Palmer's throat and gave her a pastille or lozenge for a cough she has.

"And now," he said, getting up to go, "it will be well if no outcry is made until we have been gone, say, half an hour."

It was about 7:30 on Tuesday morning, Mrs. Palmer said, when she regained her liberty. Her servants worked themselves loose and released her. The police were notified within a half hour more

WARREN SAYS ITALIANS RESENT ADRIATIC DEAL

D'Annunzio's Agent Here Issues Statement.

Whitney Warren, who recently was appointed representative of the D'Annunzio Government in this country, issued yesterday a statement denying that there was any general support in Italy for the disposition of the Fiume boundaries made in the treaty of Rapallo. Mr. Warren said:

"America should be put on its guard against accepting the circulated rumors which convey the impression that the Italians as a nation are ready to accept the treaty of Rapallo. These rumors are distributed from Italy by the still existing censorship and are consequently of Governmental origin, with the idea of inoculating the world with the Giolitti microbe.

"Giolitti no more represented Italian patriotic feeling at the conference of Rapallo than Mr. Wilson did American at the conference in Paris. The boundaries of Fiume as proposed, far from guaranteeing the safety of Italy, endanger it, and Fiume vulnerable becomes a weakness rather than a strong hold. Giolitti has so cleverly manipulated public opinion that he has given the general impression, while sacrificing Dalmatia and thus giving the control of the Adriatic to the Jugo-Slavs, that he has general approbation. Realizing that former Italian governments fell because they were unable to give to the country a solution of this troublous problem, this astute politician in order to avoid the same pitfall, has signed a treaty which sacrifices Dalmatia while accepting Fiume without sufficient strategical guarantees.

"To Dalmatia D'Annunzio promised its emancipation at the same time he did that of Fiume. He will stand by his oath. It should be clear in the mind of every one that the Dalmatians are not Jugo-Slavs and never have been except by a certain amount of infiltration. They are Dalmatians above all, which means Venetians of the great Gulf of Venice, and therefore Italians, even as are the Tuscans, the Lombards or the Sicilians.

"To choose between accepting the enlightening civilization and protection of Italy or the ever embroiled conditions of the Balkan States would not be a difficult one if the Dalmatians could be left to themselves. This, however, is impossible. Happily, they have a champion, D'Annunzio.

DOUBLE DESSERT

A waitress, carrying a piece of pie and a dish of ice cream, tripped.

The jar caused the ice cream to jump up and land on top of the pie.

Whereupon the young lady served the delicious, though accidental, combination—and made a hit.

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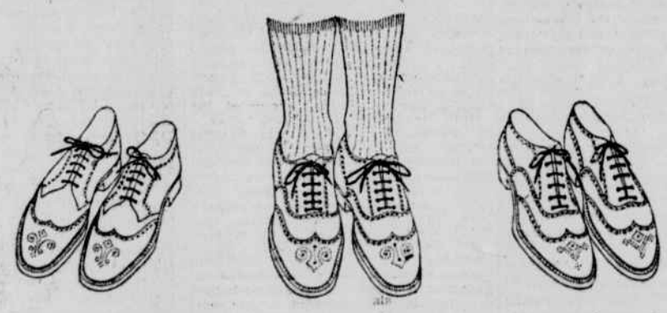

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