

## WANT FEDERAL SUPERVISION

It Is Hinder Stockholders Desire Government Control On Account of Political Contributions.

GRAFTERS BEING STIRRED UP

More Probing Being Done in the Conduct of the Life Insurance Companies.

Washington, Sept. 25.—A few days ago it was suggested in this correspondence that the Republican national committee having, according to all reports, a large surplus from the campaign fund of last year, might with very good grace return the \$48,000 that President McCall of the New York Life Insurance company had contributed through George W. Perkins, of J. P. Morgan and Co. President Roosevelt, it appears, entertains the same idea and there is every reason to believe that he is consulting the leaders of his party on this point. While Mr. Roosevelt has nothing to do with the national campaign committee, which is the organic body of the Republican party at the same time, as the successful candidate of the party and the president of the United States, his wishes are likely to prevail unless a stumbling block of huge proportions is found in the fact that the New York Life Insurance was not the only company of its kind to make a contribution. It is almost a certainty that the Equitable came down handsomely, that the Mutual Life Insurance of New York gave as much or more than the New York Life and that Senator Dryden's company, the Prudential was in line. There is no doubt that all mentioned and probably many others gave large sums in 1896 and 1900, justified from their standpoint by their belief that their investments were endangered by the free-silver agitation. But in 1904 there was no such danger and the result was a foregone conclusion, so much so that the betting was five to one in favor of Roosevelt. Campaign contributions under such circumstances from life insurance companies who properly should have no interest in legislation further than to protect their rights, are naturally regarded with disapproval especially by the policy holders who foot the bills. Speculation is, therefore, active as to the impelling causes which led these companies to make such princely contributions and the suspicion has been aroused that something was expected in return. It is not strange in view of the little information which the great public has on the life insurance question, that out of the scandals which have been uncovered there should be growing a demand for federal supervision of life insurance companies.

It is therefore interesting to note that instead of these companies opposing federal supervision they are the ones which are seeking national campaign contributions admit of the explanation that they were made to further their interests in this connection. When the department of commerce and labor was organized certain of the insurance companies made a vigorous effort to have included in the department a bureau of insurance. While the powers of the bureau were only vaguely outlined its establishment was all that was desired at that time as this once accomplished the duties and powers could be broadened as the occasion arose and opportunity afforded. The opposition of southern states rights Democrats, however, knocked the scheme in the head. Then followed the campaign of 1904, the first national campaign after the bureau plan had failed, and heavy campaign contributions were made by the life insurance companies interested in the already plethoric Republican campaign fund. This session will see the new congress elected last fall and a president elected at the same time, by a campaign committee to whose expenses the aforesaid contributions were made. Not long ago Senator Dryden, president of the Prudential Co., and former Solicitor General Beck, who especially represents the New York Mutual on this subject, slipped over to Oyster Bay and held a long conference with the president on their pet project. At the conclusion it was announced that the president favored the plan and that Senator Dryden would introduce a bill. It might have been added that Mr. Beck would cooperate to the end that the bill might overcome several constitutional defects which have hitherto operated against the scheme. Whether Messrs. Dryden and Beck can draft a law which will constitutionally give the general government control of life insurance is doubtful.

Another reason which is freely given as actuating the companies to make heavy campaign contributions is the fact that they and their associates are uniformly opposed to railroad rate regulation by the government. Messrs. Alexander, McCall, Perkins and others have made heavy investments in insurance funds in railway and steamship bonds and through the trust companies, have loaned and are lending untold millions on railway securities. A glance at the situation reveals the peril. All railroad stocks are up, and away up. Many are selling at \$30 to \$50 a share more than they were four years ago. This is not due to stock manipulation, but to the

earnings of the roads which have in most instances been increasing by leaps and bounds. More than 6, 8 or 10 per cent at the outside paid on common stocks of a railroad is dangerous as it gives impetus to the cry of the shippers and consumers that railroad rates should be regulated for their benefit as well as that of the stock and bondholder. Ill-bred and "common" people entertain the idea—to Wall with public franchises and rights of enormous value owe something to the public. Therefore Wall street strives by issuing additional securities to keep the rate of interest down to a point where the complaint of the shipper as to excessive rates is offset by that of the stockholder as to meager dividends. But with the volume of freight and passenger traffic constantly increasing enormously just as the gold-en floor continues to pour into the coffers of the insurance companies despite the disclosures, even the wizards of Wall street cannot water the stock rapidly enough and they continue to climb skyward.

Now, to control a stock of a great railroad corporation looks like a difficult matter, but suppose it is capitalized at \$50,000,000, selling at par. Fifty-one per cent would give control and that can be had for \$25,000,000. On that amount of stock the banks will loan to within anywhere from 10 to 20 per cent of its market value, according to the parties seeking control. Assuming a margin of 10 per cent, the capitalists purchasing control would put up \$2,500,000 and the banks would lend them the balance, and for this figure they would obtain control of the road. This "control" is exercised in various ways, often to create additional securities and market the same on the shipper and consumer. As has been said, the life insurance companies are vitally interested, for they deposit a large portion of their funds in banks and trust companies which they own or control; these lend the money to bankers and brokers on railway stocks as collateral; the trust company gets from 4 to 6 per cent on the money and pays the insurance companies 2 per cent; the officers of the insurance companies draw large salaries and invest in the stock of the banks and trust companies. If the system of collecting money from policy holders and lending it on collateral railroad stock continues, vast profits go to those on the inside. But if congress should seriously undertake to regulate railroad rates, the house of cards would be in danger. Lower rates—rates in proportion to the actual value of the investment, instead of the inflated volume of securities skillful market manipulators have been able to float—means a decrease in dividends and a falling of the prices of railway stocks. A few points drop means a call from the banks for more money and if the market value of the stocks should by any chance shrink to the real and intrinsic value, based on the capital actually invested and with due regard for the rights of the public in the matter of rates—the banks and trust companies controlled by the life insurance companies would find themselves holding enormous blocks of these stocks sacrificed by magnates who would throw them over rather than put up the margins. These stocks would either have to be carried in the face of enormous losses or offered for sale on a rapidly receding market.

Incidentally it may be remarked that the people of the United States are, through their deposits in national banks and trust companies and the life insurance companies, swelling the mass of railroad securities on which interest must be paid and for which the money must come from excessive freight rates. Every bond and every dollar of stock, issued by a railroad for improvements which could be made out of the current income of the railroad, makes the load heavier.

### GRASP THE OPPORTUNITY.

Mrs. Dr. Frank, the Well Known Lady Eye Specialist, in Lewistown.

It is a well demonstrated fact that very few persons are blessed with really perfect eyesight. In almost all cases the defect can be remedied, often completely cured, by the use of glasses properly fitted for the special case. Mrs. Dr. Frank, the eminent eye specialist, is now stopping at the Hoffman house and will be in the city for the next two weeks. Her reputation as an eye specialist is well known all over Montana, and hundreds of people scattered all over the state are now enjoying the benefits derived from her treatment. She has made a thorough study of her specialty both in this country and the leading schools of Europe, and is thoroughly versed in all the most modern methods for testing the eyesight and correcting any defect which may exist in this, the foremost of nature's blessings. You cannot afford to neglect this great chance to procure a correct and accurate diagnosis from one who is thoroughly competent to restore you to perfect vision. Your usefulness, happiness and health depends upon your eyes, and you cannot afford consulting Mrs. Dr. Frank, at the Hoffman house. Consultation is free. Do not neglect the children. Take them to Mrs. Dr. Frank, as she is particularly successful with the little ones. Children who sometimes appear stupid or inattentive and are called dull in their studies and are often reproved for frowning or squinting, would be wisely dealt with by taking them to Mrs. Dr. Frank and find out whether their eyes are perfect or whether there is any defective vision.

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## WOMEN AND BANKING

ODD NOTIONS OF SOME OF THE FAIR SEX ABOUT FINANCE.

A Veteran Banker Exhibits a Curious Line of Sample Cases That Came Under His Observation in the Course of Business.

"Business women of course," said a veteran banker, "understand the routine of banking from the customer's side of it about as well as men, but the queer ideas the average woman not in business has about a bank would make a totem pole laugh.

"I lost an awful good account once because I couldn't convince a woman that a note put in the bank for collection is not money. She came in one day, made out a deposit slip and tried to deposit a note just due. The teller told her that he would forward it for collection. That seemed to strike her as all right, and she kept on writing checks against her account.

"She overdrew in a day or two and we sent her notice. She came down in a towering rage and asked me what my bank meant by insulting her. Overdrawn? Ridiculous! Why, she had deposited \$5,000 only a few days ago. What had we done with that money?

"I tried to explain to her that the 'deposit' she referred to was only a note sent out for collection; that it had not been paid and might be returned unpaid. She flew into a passion. What did she care about it? She had given it into the bank, and she meant to have the money on it.

"What were banks for? I cautioned her against checking against the amount of the note until it had been paid, but she went away in a huff and kept right on making checks until we had to stop her. We refused her checks, marking them 'No funds,' and then she withdrew her account. It turned out to be a dandy afterward, but to this day, I understand, she can't see any difference between notes, checks, drafts and currency.

"Strange as it may seem, the number of women—honest, absolutely guileless women—who write other persons' signatures to checks is large. Only today, for instance, the daughter of one of our best customers came into the bank with a check for \$500 made payable to herself.

"Her father's name was signed to it, and he had plenty of money in the bank, but his daughter had signed his name herself. We explained to her that we couldn't pay out money on such an order or request.

"But," said she, "we haven't a cent of money in the house. Papa is on the train somewhere between here and New York, and I—you don't suppose he'd hesitate to give us \$500, do you?"

"That young woman did not and could not understand why she didn't have as much right to use her father's credit at the bank as she had to use it at the dry goods stores and the butcher shops. I wanted to tell her that she had really committed forgery, but I didn't. I advanced the money on my personal account, and she went away a bit miffed and fancying that we were a fussy, unreasonable lot of money gatherers.

"Things like that are always coming up in every bank. We had one depositor, an inexperienced young widow. She had over \$30,000 in the bank. One day she came in and wrote a check for the full balance, payable to herself. The teller stared and asked how she'd have it. Any way would suit her, she said, only she wanted the cash.

"He sent word to me and began to count out the money in \$100 and \$500 notes. After counting them over she wrapped the whole sum up in a newspaper and went out. We were all puzzled, and we were afraid she might be robbed, so I sent two of the clerks after her to see what she did with the money as well as to protect her. She walked through the crowded streets about six blocks to another bank and deposited the whole \$30,000 to the credit of a poor young lawyer to whom, we afterward learned, she was engaged to be married.

"I don't think he was then aware of her intention to transfer her money to his account or he would have advised her to get a certified or cashier's check instead of lugging her fortune through the downtown streets of a city like this.

"The woman depositor who can't understand why other persons' checks deposited by herself are deducted from her account when they are no good is a familiar character in nearly every bank.

"When such a check comes back and they are asked to take it up they will look unutterable scorn at the teller or collector and say: 'I put it back? Well, I guess not. Why should I pay it? I didn't make it out. Mr. So-and-so gave it to me, and if it isn't good that's his lookout. Go after him. The ideal! Surely you don't expect me to pay out my own good money for Mr. So-and-so!"

"By drawing several diagrams, exerting much patience and diplomacy, you may convince such a woman that she has to cover the bad checks she deposits, but very often she refuses or fails to be convinced. She will probably insist on realizing on every cent the teller gives her credit for in her bank book, and if she doesn't get it look out. She'll take her account to some other bank and resume her determination to have her rights." Oh, the inexperienced woman is almost as annoying and far more numerous than dishonest women, so far as banks are concerned!"—Cincinnati Commercial Tribune.

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