

INQUIRY BARES \$25,000,000,000 'MONEY TRUST'

Three Chicago Banks Part of Clique Headed by J. P. Morgan & Co.

LINKS UP 18 CONCERNS

'King of Finance' Shows Will- ingness to Testify Be- fore Pujo Committee.

SHY ON BUSINESS DETAILS

BY JOHN CALLAN O'LAUGHLIN

Washington, D. C., Dec. 18.—[Special.]—

The "money trust" of the United States was bared to public inspection today by evidence furnished to the Pujo investigating committee.

The "money trust" is composed of eighteen closely affiliated firms, national banks and trust companies, dominated by J. Pierpont Morgan & Co. and the National City bank of New York, head of the Standard Oil banking system. Among the members of this trust are three Chicago banks, the Continental and Commercial National, the First National, and the Illinois Trust and Savings bank.

Banks in "Money Trust."

The full list of the eighteen banks thus affiliated in the "money trust" follows:

J. P. Morgan & Co.....	New York
First National bank.....	New York
Guaranty Trust company.....	New York
Bankers' Trust company.....	New York
National City bank.....	New York
Kuhn, Loeb & Co.....	New York
National Bank of Commerce..	New York
Hanover National bank.....	New York
Chase National bank.....	New York
Astor Trust company.....	New York
New York Trust company.....	New York
Speyer & Co.....	New York
Blair & Co.....	New York
Continental & Commercial National	
bank	Chicago
First National bank.....	Chicago
Illinois Trust and Savings bank..	Chicago
Kidder, Peabody & Co.....	
.....	Boston and New York
Lee Higginson & Co.....	
.....	Boston and New York

Control Earnings of \$428,000,000.

These eighteen institutions control banks, insurance companies, railroads, steamship lines, and producing and trading corporations, with capital and resources in excess of \$25,000,000,000 and gross annual earnings of \$428,000,000. The control they enjoy is direct, with representatives of the eighteen firms and banking institutions, sitting variously as directors of all the corporations they dominate and telling these corporations exactly what they are to do.

The railroads controlled in this fashion have a combined mileage of 163,200 miles. The insurance companies are the largest in the nation. The banking institutions control a vast proportion of the money of the country and dominate credit to an even greater extent than is generally believed. The industrial and trading corporations are those which are rapidly assuming full control of both the industry and the commerce of the republic.

Accountants Bare Big Pool.

The facts in relation to the "money trust" were developed today in the examination of expert accountants and by a carefully worked out chart revealing the combination of the eighteen institutions named through the interlocking of directorates and the control of the great number of corporations thereby.

The control thus revealed is tremendous, but naturally it is only a part of the control exercised by this combination through its influence over smaller combinations of banking institutions and corporations, the ramifications of which extend throughout the whole business system of the nation. No such combination of wealth and power ever existed or could ever exist at any prior time in the history of the industrial world.

Calls J. P. Morgan to Stand.

When Samuel Untermyer, counsel of the committee, had shown through experts the extraordinary situation of concentrated control described, he called J. Pierpont Morgan to the witness stand and began his examination with respect to the combination of which he is the head and the manner in which it uses its tremendous power.

Mr. Morgan's examination began just before 8 o'clock in the afternoon, although he had been waiting since 2 o'clock to be sworn.

Mr. Untermyer deemed it advisable to conclude the revelations of the money combination before he placed on the stand the magnate who is its dominating force. Mr. Morgan therefore was forced to wait and listen until the announcement of his name, when he was sworn. The financier was on the stand only twenty minutes and he will resume his evidence at 10:30 tomorrow morning.

It was a striking situation which developed when Mr. Morgan and Mr. Untermyer faced each other. If all reports be true, the latter has no liking for the financier. It is stated that Mr. Morgan on one occasion passed a remark as to Mr. Untermyer's social aspirations which the lawyer never forgave. The opportunity today, which will continue tomorrow, is one an enemy of a witness would revel in.

Mr. Untermyer, however, gave no display

of animosity in his questions, nor did Mr. Morgan by his attitude manifest any resentment. The latter appeared as one who felt that he was greatly wronged by being forced to appear before an investigation committee, but at the same time was prepared to answer precisely the questions put to him. He showed no disposition to fight the inquisitor, nor to do anything else than to answer the questions put to him as frankly as the circumstances would permit.

Lawyers, relatives, stenographers, and confidential secretaries who had accompanied Mr. Morgan to the hearing watched him with evident solicitude. The relatives, including his son, J. P. Morgan, and his daughter, Mrs. Herbert L. Satterlee, obviously were anxious as to the effect of the examination on Mr. Morgan's health. There is no question that Mr. Morgan is no longer robust, and a great deal of fear has been felt that the excitement might be injurious. The lawyers were alert and watchful to intervene in case of improper questions.

Morgan Center of Interest.

When Mr. Morgan took the witness chair he glanced about the room and saw himself the object of the scrutiny of the crowd in the room. Then he concentrated his attention upon Mr. Untermeyer.

"What is your full name?" inquired Mr. Untermeyer.

Mr. Morgan responded in a firm but somewhat husky voice and also gave New York City as his residence.

The next inquiry related to his business and his partners.

Mr. Morgan's voice, increased in volume as he made reply. He explained that his firm does a general banking business, receiving deposits and paying out money upon checks.

"Only we do not clear," he added.

"The firm is not a member of the clearing house, you mean?" inquired Mr. Untermeyer.

"Yes."

"You clear over your own counters?" asked Mr. Untermeyer.

"We give checks on other banks and meet those checks over our own counters," Mr. Morgan explained.

Four Concerns One and the Same.

Mr. Morgan said the Philadelphia house of Drexel, Morgan & Co. and the New York house of J. Pierpont Morgan are exactly the same. The partners in one are all partners in the other.

"Only my desire to keep Mr. Drexel's name in the Philadelphia house prevents all the houses having the same name," said Mr. Morgan.

Mr. Morgan added that the New York and Philadelphia houses are themselves partners in the London and Paris houses, there being local partners in both those institutions who are not the partners in the houses here. Mr. Morgan did not exactly remember how many partners compose the house of J. Pierpont Morgan, nor the names of all of them, but said the stock exchange list would show. He was furnished with a list of the eleven partners in his banking house and read them as follows:

J. P. Morgan,	A. A. Newbold,
H. P. Davison,	William H. Porter,
W. P. Hamilton,	Charles Steele,
T. W. Lamont,	E. T. Stotesbury,
H. F. Lloyd,	Temple Baldwin,
J. P. Morgan Jr.,	

Delves Into Morgan Business.

With these preliminaries disposed of, Mr. Untermeyer addressed himself to securing the information which Mr. Morgan can give if he will.

"Do you accept deposits from corporations?" he asked.

"Yes."

"Are these interstate corporations?"

"We accept deposits from any corporations," said Mr. Morgan.

Pressed for a more definite answer, Mr. Morgan said he did not understand the distinction which Mr. Untermeyer was insisting upon. The lawyer told him the difference between an interstate and an intrastate corporation, and Mr. Morgan said he accepted deposits from all corporations, some of them interstate.

Mr. Untermeyer produced figures showing that in July J. Pierpont Morgan & Co. had as deposits from interstate corporations \$68,113,315 and that in November the bank held deposits from seventy-eight corporations aggregating \$81,608,421.

Shy on Deposit Details.

Mr. Morgan said he had only a general knowledge of the accounts and asked that some other witness connected with the firm should be questioned respecting them.

"If the figures were furnished by the bank I will accept them as accurate," he added.

He was told that the figures had been prepared by the bank.

From the same financial statement it was shown that the total capitalization of the corporations that together have nearly \$100,000,000 of money on deposit with the house of Morgan is \$9,763,000,000.

Mr. Morgan said he would not want to give the names of persons who had made deposits with the bank, and Mr. Untermeyer assured him that it would not be necessary, as the information had been obtained from other sources. This also seemed to satisfy Mr. Morgan.

Gives Untermeyer Quick Reply.

"Mr. Morgan," said Mr. Untermeyer, "do you think it is right that these interstate corporations should deposit their money with a private bank?"

"I do," said Mr. Morgan, with emphasis. It was the first question that had apparently roused something of the old fighting spirit.

"Would you make that statement as a rule to be applied with reference to all private banks and without regard for your own bank?" persisted Mr. Untermeyer.

Mr. Morgan admitted that possibly some private banks might not be desirable depositaries, but that as a general thing there was no reason why corporation funds should not be deposited in such institutions.

"This is a broad question," said Mr. Untermeyer. "There is no supervision of these private banks. They are required to keep no reserve, while the corporations are public corporations, transacting the business of the public, and with their stock owned largely by the public."

Answer Covers Wide Range.

"The same objections advanced against private banks might be advanced against other banks," said Mr. Morgan. "Banks of small capital would be no more safe than private banks for large deposits."

"As a matter of public policy," asked Mr. Untermeyer, "do you think interstate corporations owned chiefly by the public should deposit with private banks?"

"It is a question that should be left entirely to their directors," said Mr. Morgan.

He was next questioned respecting the interstate commerce corporations for which J. Pierpont Morgan & Co. act as fiscal agents, and while he was willing to say that there are a number of them he pleaded that he could not remember the details.

"You remember that you act as the fiscal agents of the New York, New Haven, and Hartford and the New York Central railroads, do you not?" asked Mr. Untermeyer.

"O, yes, I remember that," said Mr. Morgan, cheerfully.

Issues Securities of Big Roads.

"You also issue all the securities for these two railroads?"

Mr. Morgan thought there was an agreement of that kind, but that the banking house had to issue these securities upon terms also agreed upon.

"Have you not the right to issue all securities for these two railroads?" asked Mr. Untermeyer.

"Not unless we agree upon terms," said Mr. Morgan.

At this point the committee took a recess announcing that Mr. Morgan would be allowed to complete his testimony tomorrow.

total capitalization of \$11,784,000,000 and a total mileage (excluding express companies and steamship lines) of 150,200.

"Sixty-three directors in twenty-four producing and trading corporations having a total capitalization of \$3,339,000,000.

"Twenty-five directors in twelve public utility corporations having a total capitalization of \$2,150,000,000.

"In all, 341 directors in 112 corporations having aggregate resources or capitalization of \$22,245,000,000.

Another Set of Relationships.

"2. That J. P. Morgan & Co., the Guaranty Trust company, the Bankers' Trust company, and the First National bank together have:

"Eighty-nine directors in such banks and trust companies.

Twenty-nine directors in such insurance companies.

"Seventy-eight directors in such transportation systems.

"Forty-nine directors in such producing and trading corporations.

"Sixteen directors in such public utility corporations.

"In all, 220 directors.

"3. That J. P. Morgan & Co., the Guaranty Trust company, and the Bankers' Trust company together have:

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Directors in Common.

The table shows further "that J. P. Morgan & Co. and the Guaranty Trust company have three firm members or directors in common, Henry P. Davison, William H. Porter, and Thomas W. Lamont, and the two first named, together with George F. Baker, a director of the First National bank, are voting trustees of the stock of such trust company.

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"That the First National bank and the Bankers' Trust company have five directors in common—namely: Henry P. Davison, A. B. Hepburn, F. L. Hine, Thomas W. Lamont, and C. D. Norton—and the first named is a voting trustee of the stock of such trust company.

"That of the nine directors of the Chase National bank five are also directors of the First National bank.

"That two members of J. P. Morgan & Co., three directors of the First National bank, twelve directors of the Guaranty Trust company, four directors of the Bankers' Trust company, and three directors of the National City bank are also directors of the National Bank of Commerce of New York."

Analysis, Bank by Bank.

Further statistics presented by Mr. Scudder relating to the ramifications of each of the eighteen banks were as follows:

J. P. Morgan & Co., sixty-three directors in thirty-nine corporations having total resources of capitalization of \$10,030,000,000.

First National bank of New York, 103 directors in forty-nine corporations having total assets or capitalization of \$11,542,000,000.

Guaranty Trust company, New York, 100 directors in seventy-six companies; total assets or capitalization, \$17,342,000,000.

Bankers' Trust company, New York, 113 directors in fifty-six companies having total assets or capitalization of \$11,184,000,000.

National City bank, New York, eighty-six directors in forty-seven corporations, having total assets or capitalization of \$18,206,000,000.

Kuhn, Loeb & Co., fifteen directors in twelve corporations with total assets and capitalization of \$8,011,000,000.

Bank of Commerce Figures.

National Bank of Commerce, New York, 140 directors in sixty-two companies having total assets and capitalization of \$18,103,000,000.

Hanover National bank, New York, thirty-seven directors in twenty-nine corporations with total assets and capitalization of \$7,405,000,000.

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seven directors in forty corporations with total assets and capitalization of \$11,527,000,000.

Astor Trust company, New York, seventy-four directors in forty-seven corporations with total assets and capitalization of \$12,400,000,000.

Speyer & Co., New York, ten directors in ten corporations having total assets or capitalization of \$2,443,000,000.

Lee, Higginson & Co., Boston, eleven directors in corporations having total resources or capitalization of \$3,209,000,000.

Kidder, Peabody & Co., Boston, eight directors in six corporations having total resources or capitalization of \$2,895,000,000.

[The directors of the Chicago banks who are directors of other corporations are listed elsewhere.]

Life Insurance Assets.

Tables purporting to show that four great life insurance companies, the New York Equitable, Mutual Life, and Metropolitan, would have, at the present rate of increase, assets totaling \$4,318,000,000 in 1931, were presented to the committee by Mr. Scudder. On Dec. 31, 1911, said Mr. Scudder, the total assets of the four companies were \$2,138,000,000, divided as follows:

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Mr. Scudder estimated the combined assets in 1916 as \$2,683,000,000; in 1921, \$3,228,000,000; in 1926, 3,768,000,000; in 1931, \$4,618,000,000. Mr. Scudder's tables purported to show that at the latter date under the rate of progress he figured upon the individual assets of the four companies would be:

New York	\$1,501,000,000
Mutual	1,056,000,000
Equitable	852,000,000
Metropolitan	909,000,000

Their Average Deposits.

Mr. Scudder was asked by Mr. Untermeyer whether he had investigated the amount of deposits carried by the life insurance companies in their principal banks, both at the end of each year and throughout the year.

Mr. Scudder gave the average deposits through the year 1911 for the New York Life as \$8,073,842, while the deposits on the last day of the year, Dec. 31, were only \$2,712,422.

During 1910, he said, the average of the New York Life's deposits was \$5,487,280, while on Dec. 31 the deposits were \$2,804,745.

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For the Metropolitan Life: 1911, average, \$3,928,000; Dec. 31, \$3,573,000; 1910, average, \$4,238,000; Dec. 31, \$2,560,000; 1909, average, \$3,641,000; Dec. 31, \$3,646,000.

Would Amend Aldrich Law.

New York, Dec. 18.—John Harsen Rhoades, senior member of Rhoades & Co., bankers of this city, tonight before the Finance forum suggested an amendment to the Aldrich bill for currency reform whereby the governors of the National Reserve bank or banks at Washington should be composed of seventeen men instead of the great number called for in the Aldrich plan.

Mr. Rhoades declared that the brains of the east and west should be merged and that a small number of leading men in the financial and industrial world could accomplish more in preventing panics than could a big board.

He suggested that the appointment of the board be placed in the hands of the president of the United States; that one-half be chosen from the eastern and one-half from the western section of the country. Six of these, he said, should be practical bankers, six should be appointed from the industrial, commercial, farming, and other interests, and two should be academic students of banking.

These fourteen men, according to Mr. Rhoades' plan, should hold consultation with the secretary of the treasury, the secretary of commerce and labor, and the controller of the currency, who were to be ex-officio members of the board.

KEPT \$3,500,000 CASH IN BANK.

Appraisal of L. A. Heinsheimer Estate Shows Great Balance Held by New York Broker.

Albany, N. Y., Dec. 18.—The estate of Louis A. Heinsheimer of New York, who died three years ago, has been appraised by the state controller's office at \$14,000,000. An unusual feature of the appraisal is that it shows Mr. Heinsheimer had a bank balance of \$3,500,000 in cash. Mr. Heinsheimer spent his life in Wall street, rising from messenger boy to membership in the firm of Kuhn, Loeb & Co. He was 48 years old.

J. Pierpont Morgan & Co. control the two great trust companies, and control them with a voting trust named by themselves.

These five concerns have 118 directorates in thirty-four banks and trust companies, having total resources of \$2,679,000,000 and deposits of other people's money amounting to \$1,963,000,000.

The five institutions control thirty directors in the ten largest insurance companies with total assets of \$2,293,000,000.

Represented on Railway Boards.

In thirty-two transportation systems the five institutions have 103 directors. The capitalization of these systems is \$11,784,000,000, and the mileage is 150,200 miles.

The combination has 63 directors in twenty-four producing and trading corporations with a total capitalization of \$3,339,000,000. It has 25 directors in twelve public utilities corporations, with a capitalization of \$2,150,000,000, making a total for the five institutions of 241 directors in 112 of the greatest corporations in the country, with aggregate resources of capital of \$22,245,000,000.

This is one-fifth of all the estimated wealth of the United States.

From this showing it is suggested that all the other firms and banks mentioned in the statistics of the experts are but adjuncts of this central combination.

Mr. Morgan himself is the first witness called by the committee to testify regarding the combination. He came when summoned, readily and promptly. He was here before the committee actually wanted him, and he manifested a degree of willingness to talk which surprised the committee.

In this his conduct is in marked contrast to that of William Rockefeller, the Standard Oil head of the National City bank, who has evaded the process servers ever since last June. Sergeant at Arms Riddell of the house appeared before the committee today and re-

ported that he had been unable to serve a summons upon Mr. Rockefeller.

Telegrams have been sent him asking him to express either his willingness or his unwillingness to communicate with the committee and he has refused to answer. In behalf of Mr. Morgan it should be said that he has not run away from his responsibilities, but is facing them frankly.

Statistics Given to Committee.

Prior to Mr. Morgan's examination today the committee heard the testimony bearing on the so-called concentration of money and credits. This was presented in the form of charts prepared by Philip J. Scudder, which was placed in the record.

This explanation showed that the charts dealt with the affiliation of 180 directors in the eighteen banks and trust companies in New York, Chicago, and Boston, the list having been given in the earlier part of this dispatch. The charts show that in all directors of these institutions hold 746 directorships in 184 corporations having a total resources or capitalization of \$25,325,000,000.

Links Up the Big Five.

An explanation of the chart relating to Morgan & Co., the First National bank, the National City bank, the Guaranty Trust company, and the Bankers' Trust company says:

"1. The table shows that J. P. Morgan & Co., the First National bank, the National City bank, the Guaranty Trust company, and the Bankers' Trust company together have:

"One hundred and eighteen directors in thirty-four banks and trust companies having total resources of \$2,679,000,000 and total deposits of \$1,963,000,000.

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He suggested that the appointment of the board be placed in the hands of the president of the United States; that one-half be chosen from the eastern and one-half from the western section of the country. Six of these, he said, should be practical bankers, six should be appointed from the industrial, commercial, farming, and other interests, and two should be academic students of banking.

These fourteen men, according to Mr. Rhoades' plan, should hold consultation with the secretary of the treasury, the secretary of commerce and labor, and the controller of the currency, who were to be ex-officio members of the board.

KEPT \$3,500,000 CASH IN BANK.

Appraisal of L. A. Heinsheimer Estate Shows Great Balance Held by New York Broker.

Albany, N. Y., Dec. 18.—The estate of Louis A. Heinsheimer of New York, who died three years ago, has been appraised by the state controller's office at \$14,000,000. An unusual feature of the appraisal is that it shows Mr. Heinsheimer had a bank balance of \$3,500,000 in cash. Mr. Heinsheimer spent his life in Wall street, rising from messenger boy to membership in the firm of Kuhn, Loeb & Co. He was 48 years old.