

A MUDDLE OF HIGH FINANCE

A dispatch to the Chicago Tribune under date of New York, September 3, follows:

"Close on the announcement of his coming retirement from the post of assistant secretary of state, Francis B. Loomis again is dragged into the limelight of notoriety by disclosures of the inner workings of the Orinoco company, limited, through whose good offices he owes the credit for his appointment as minister to Venezuela in 1897. A dispute between the stockholders of the Orinoco company has brought this alleged fester to a head. That the public will be regaled by the inside facts that will be aired in the courts is unquestioned. One interesting feature of the controversy is the making public of the names of the men behind the organization which has secured such big favors in the Orinoco country.

"While the campaign to secure the post for Mr. Loomis was under way, correspondence of much import was exchanged between James A. Radcliffe of Brooklyn, Charles L. Kurtz, then chairman of the Ohio state republican executive committee, and Mr. Loomis. This discloses, by inference at least, that among Mr. Loomis' 'pushers' an understanding existed as to the exploitation of Venezuelan concessions. One reason for the activity of Mr. Radcliffe and Mr. Kurtz, with others, on behalf of Mr. Loomis was their interest in Venezuelan 'jobs,' existent and prospective. They desired an American minister at Caracas who would be friendly. After Mr. Loomis' appointment to the Venezuelan mission the exploitation of the Venezuelan projects shaped themselves under the direction of Ohioans. Mr. Loomis made a trip up the Orinoco river in a gunboat, sailing for 125 miles alongside property which had been granted by Venezuela to Mr. Fitzgerald, the original Manoa concessionaire, and constituting possessions claimed by the Orinoco company, limited.

"Thereafter Ohio men became interested in the Orinoco company. The new company was formed under the laws of West Virginia and named the Orinoco corporation. The head offices were transferred from Fairbault, Minn., to Cincinnati. According to evidence elicited at the Bowen-Loomis inquiry, a friend or two of Mr. Loomis, including his chief witness on that occasion, Rudolph Dolge, United States consular agent at Caracas, became associated with the undertaking. Then, also, the project of refunding the Venezuelan debt, which was, according to Mr. Radcliffe, an undertaking which he explained fully to Mr. Loomis before the latter sailed to install himself in the American legation at Caracas, was taken up by Ohio interests, headed by Charles R. Meyer of Columbus. A contract was entered into, it is alleged, between Mr. Loomis and Mr. Meyer, in connection with the debt refunding scheme, by which the American minister, contingent upon resigning from the post, was to receive one-seventh of \$10,000,000 as profit if the plan went through successfully.

"The matter was satisfactorily explained to Secretary Taft. At the time of the Bowen investigation Mr. Loomis admitted that he had endeavored to interest American capital in Venezuela to strengthen the relations of the two countries and to oppose the machinations of Europeans. The present contention between the minority and majority interests in the Orinoco company, limited, was developed by the prominence recently given to the presence in this city of Rudolph Dolge, consular agent of the United States at Caracas. This visit has been the means also of starting a factional dispute in the company, and drawing attention to the prominent part that interests identified with it had in furthering Mr. Loomis' political fortunes. It throws some interesting lights also upon that remarkable Venezuelan concession known as the Manoa claim and recalls to mind its history, romantic and tragic.

"The presence in this city of Consular Agent Dolge last July called attention that gentleman. It was charged that he had abandoned his post in Caracas for months at a time to give attention to the exploitation of the old Orinoco or Manoa concession in this country. Incidentally attention was called to the fact that Mr. Dolge was head of a laundry in Caracas, where he had his consular office and displayed the coat of arms of the United States, that he was interested in two newspapers, which devoted much space to praise and adulation of General Castro, who had decorated him with the order of Bolivar, and that he had been secretary of the American-Venezuelan mixed commission which had made an award to the Orinoco company, limited, against Venezuela. Moreover, it was said Mr. Dolge had overstayed his leave

of absence granted by Mr. Loomis and that he had been a particularly damaging witness at the inquiry.

"Mr. Dolge admitted the main points in the allegations, but explained they had been given a misleading application. It was shown that, as consular agent, he was permitted to engage in business ventures, among which was the exploitation of the Orinoco concession. There were calls for Mr. Dolge's removal, and it was said one object of W. J. Calhoun's visit to Caracas as special commissioner is to investigate Dolge's political and business activities. Among those who became interested deeply in the Dolge affair were the minority holders of the old Orinoco company, limited, including persons interested in the estate of C. C. Fitzgerald, the original concessionaire; James A. Radcliffe, who had been receiver of the old Manoa company, and who had become interested in the Orinoco company, limited; and William M. Safford, who had long been interested in the old concession. It is shown that Mr. Loomis' connection with the Venezuela concession holders and hunters started before he was accredited to that country. It was Mr. Safford who interested Chairman Kurtz of the Ohio republican state committee, and they, together, took up the work of assisting Loomis in his candidacy. Mr. Radcliffe later acted in conjunction with H. A. Odell, who also was interested in the Venezuelan exploitation upon the departure of Mr. Safford from London.

"A batch of letters exchanged between the persons mentioned have fallen into the hands of Philistines and their publication forges a chain, showing that through a common friend Radcliffe joined with Kurtz in a general campaign in Venezuela for strengthening the old and procuring new concessions. With Loomis as minister the financing was to be done by Kurtz through Ohio connections and their affiliations.

"Extracts from these letters read:

I have been spoken to by a leading buggy company of this place (Columbus is the chief point for that industry) of having an inquiry made concerning the new minister to Venezuela, where, and at Caracas, it is desired by this certain manufacturer to seek to establish business relations. The thing suggested to my mind the propriety and importance of as early an action as possible on our part in organizing the company proposed to me by Mr. Safford for the purpose of securing privileges down there.—Mr. Kurtz to Mr. Radcliffe.

I was much pleased with my visit from the cabinet minister (sic), who sailed on the 4th inst. Our opportunities for future business are simply unlimited.—Mr. Radcliffe to Mr. Kurtz.

I congratulate my western associates on Mr. Loomis' appointment, saying that I had met the gentleman, like him, and knew well of him through mutual friends. They have since said I boast of carrying an American minister in my vest pocket. * * * I hope some friend will advise Mr. L. of the animus of such stuff.—Mr. Radcliffe to Mr. Kurtz.

I am just in receipt of a letter from my friend, in which he says he thinks there are plenty of concessions to be had, but that it is almost necessary, he believes, to come down and look over the field.—Mr. Kurtz to Mr. Radcliffe.

I trust "our friend" will not make the mistake of appearing to be interested in concessions. The more dignity he brings to the office the more valuable will its influence become to us. He can best serve us by apparent impartial indifference to their enemies. I believe "our friend" has a bright future. My only fear is from errors and inexperience. I shall be glad when I am in a position to advise him freely.—Mr. Radcliffe to Mr. Kurtz.

"But it was all 'love's labor lost' for Radcliffe. He says that nothing of a beneficial character to him or his enterprises came out of his efforts in behalf of Mr. Loomis' candidacy as minister to Venezuela. To the contrary, in a short time Ohio became the head and center of the greatest activity in relation to the financial undertakings in the South American country. Columbus leaped into prominence as a great financial center for the refunding of the Venezuelan debt, while the Orinoco company, over the straightening out of which Mr. Radcliffe and Mr. Safford had labored for years, passed by some process, as yet not quite clear, to the Orinoco

corporation, with the chief offices at Cincinnati and Ohio interests in the saddle.

"Of the history of the Orinoco or Manoa concession the public has read much during the last eighteen years. In 1853 the concession was granted to Cyrenius C. Fitzgerald, an American, for the purpose of enlisting American support in behalf of Venezuela in the event of drastic action by Great Britain over the boundary question.

"In 1854 he assigned the contract to the Manoa company, limited, a New York state corporation. Disputes over the boundary followed, drawing forth from President Cleveland his famous war message. That completely settled Great Britain. The property later was transferred by the Venezuela authorities to George Turnbull of New York and the rights of the Fitzgerald syndicate were declared forfeited. Controversies innumerable followed and the right to the title of the property remains in dispute until this day. Radcliffe met one of Turnbull's agents in London in 1889 and thus became interested in the affair. After a thorough inspection of the lands Radcliffe joined forces with the Fitzgerald party and succeeded in getting into the good graces of President Crespo. Turnbull lost the concession, which reverted to the original holders.

"The muddle resulted from this divided action of the Venezuelan government. On October 15, 1895, the Orinoco company was organized under the laws of Wisconsin by a group of western men headed by Donald Grant of Fairbault, Minn., who had acquired the majority interests in the Manoa company. On the following day the Manoa company, limited, was transferred to the Orinoco company, with the exception of the Imataca iron mine and the Pedernales asphalt mine. On February 4, 1896, still another corporation, designated as the Orinoco Mining company, secretly was formed in Wisconsin by the same interests, and to it the Orinoco company proposed to sell all its property for 40 per cent of the Orinoco Mining company's stock. These latter operations were regarded as inimical to the interests of the minority, represented by the Fitzgerald estate, Mr. Radcliffe and William M. Safford. They instituted proceedings to throw the Manoa company, which was the only one recognized by Venezuela, into a receivership. James A. Radcliffe was appointed receiver, and eventually the Manoa company was thrown into bankruptcy and its assets ordered sold by the court.

"The eastern element had had such a bitter experience with the western majority that it insisted, as a feature precedent to everything else, upon trusteeing all the American stock so that the property could not be alienated again. Under this trust agreement, signed on April 6, 1897, about \$24,800,000 of the stock of the Orinoco company, limited, was deposited with the National Bank of North America, where it remains.

"Despite the existence of the trust agreement and the limitations as to the sale and transfer of the property, the Ohio interests, now dominant, have formed under the laws of West Virginia, their Orinoco corporation, in the interests of which Mr. Dolge, consular agent at Caracas, has been gravitating back and forth between Venezuela and this country."

ENCOURAGING LAWLESSNESS

The Chicago board of trade has by a vote of two to one repealed a rule which visited expulsion upon any member guilty of violating the anti-option law. As pointed out by some of the members this is an open and direct encouragement to lawlessness.

A law prohibiting gambling on the board of trade is just as binding as a law prohibiting gambling at any other place and those who encourage the violation of the anti-option law are just as lawless as any other kind of lawbreakers.

It is not often that a commercial body takes so bold a stand against the enforcement of law and its action is likely to increase rather than diminish the sentiment against grain gambling.

Labor leaders are not slow to point out the interesting fact that a larger percentage of the United States senators than of labor leaders have been charged with criminal acts.

The suggestion that Mr. Loomis be made assistant sultan of Sulu is not worth considering. There is nothing on record to show that any eminent financiers hold unpaid obligations issued by the sultan.