

Secretary Shaw: The Associated Press, under date of Chicago, December 28, said that Secretary Shaw had declared that there would be no criminal prosecution growing out of the closing of Walsh's financial institutions. In that dispatch the secretary was quoted as having said:

"John R. Walsh did not take one dollar dishonestly. He did no more than many other bankers in the United States are doing all the time.

"The rumor of criminal prosecution is nothing but talk. There has been no embezzlement or theft. For every dollar taken out gilt edged security was placed within. The depositors will get every dollar they deposited, and when that has been accomplished, the responsibility of the government ceases. That part of the banking law prohibiting the loaning of more than 10 per cent of the capitalization to one man may have been violated. That is not a criminal violation and all that can be done is to liquidate the bank and pay off the depositors. The violation of that law by one bank is no more than has been done by almost every bank in the country."

Paraphrasing Shaw: Richards and Comstock did no more than many other cattle raisers in the United States are doing all the time. Every acre of land which these monopolists unlawfully used will be restored to the public domain. The violation of that law by Richards and Comstock is no more than has been done by almost every large cattle raiser in the country.

The offense committed by Richards and Comstock was not a criminal violation if the offense committed by John R. Walsh is "not a criminal violation." The wrongdoing by Richards and Comstock was, as Judge Munger said, "a statutory offense" if, as Secretary Shaw intimates, the wrongdoing by Walsh is a statutory offense.

Let us take a look at the banking law, and see whether Walsh's offense was not a criminal violation.

Secretary Shaw admits that "that part of the banking law prohibiting the loaning of more than 10 per cent of the capitalization to one man may have been violated." He might have said that that part of the law had actually been violated. And it was violated for the use and benefit of John R. Walsh, the president of the institution.

Section 5200 of the banking law prohibits the loan to any one association, person, company or firm of more than "one-tenth part of the amount of the capital stock of such association actually paid in."

Section 5209 provides: "Every president, director, cashier, teller, clerk, or agent of any association who embezzles, abstracts or wilfully misapplies any of the moneys, funds or credits of the association \* \* \* shall be deemed guilty of a misdemeanor, and shall be imprisoned not less than five years, nor more than ten years."

Defining the word "embezzles" as used in this section, the courts have held: "If the president of a bank charged as a trustee with the administration of the funds of the bank converts them to his own use he embezzles and abstracts them UNLESS HE SHOWS AUTHORITY FOR SO DOING." Walsh had no authority for loaning to himself money in excess of 10 per cent of the bank's capital.

Defining the term "wilfully misapplies," as used in this section, it has been held by the courts: "It is not necessary that the party who misapplies should derive any benefit from the transaction." When we remember that it is not denied that Walsh derived benefit from these transactions, it would seem that there is not the slightest justification for saying that his offense is not a criminal violation so far as "wilfully misapplies" is concerned.

Defining the same term, the courts have held: "A director violates this clause if, knowing that he has no money to his credit in the bank and no right to draw money therefrom, he obtains money from it to which he has no right by means of his overdraft made with intent to defraud, and converts the same to his own use in fraud of the bank."

When Walsh as president loaned to Walsh as individual money in excess of 10 per cent of the bank's capitalization, he was guilty of a criminal violation according to the interpretation repeatedly placed upon the statutes cited. That he has merely done what many others have done before him is an old time defense advanced in behalf of influential law-breakers. It is the same defense advanced in behalf of the men charged with the illegal fencing of government land.

If Shaw is right in the attitude he assumes toward Banker Walsh, Judge Munger was right in the position he took when he came to impose sentence upon Richards and Comstock. And if

Munger was right, then Mr. Roosevelt and Secretary Hitchcock of the interior owe that federal judge an apology, while Mr. Roosevelt owes to Marshal Matthews and District Attorney Baxter prompt reinstatement.

As a matter of fact, Munger was wrong and Secretary Shaw, who assumes practically the same position Munger did, is also wrong. And if there is anything more than sheer buncombe in Mr. Roosevelt's far famed boast concerning "a square deal" he will be as prompt in removing from office the powerful Shaw as he was in dismissing the comparatively unimportant Matthews and Baxter.

#### WHAT IS CORTELYOU'S DEFENSE?

Reference is made in another column of this issue to the statement made to the insurance committee by Andrew Hamilton the insurance lobbyist. From Hamilton's own description of his methods, and from his present-day attitude, it is entirely fair to conclude that he was employed by these insurance magnates not in the furtherance of legitimate work, but as an artistic corruptionist.

What a wretched affair this entire mess is! Does it not occur to intelligent men that it is strange that all these things may be done without any of the men responsible for them being called seriously to account? According to this man's own testimony he received nearly one million dollars of the policyholders' money, and he expects the owners of that money to accept his word that it was spent in a legitimate way and for their best interests.

According to the testimony of the insurance magnates several hundred thousand dollars of the policyholders' money was paid to the republican national committee—a considerable sum thereof passing through the hands of a member of the president's cabinet. While republican newspapers do not hesitate to condemn Senator Platt because he took an occasional ten thousand dollars for use in the New York state campaign, the people are expected to forget the very serious and solemn fact that a large amount of these embezzled funds have been traced to a member of the president's cabinet acting as chairman of the republican national committee.

Hamilton has one excuse which may pass muster with some people. It is the excuse that the large sums he received were spent in the efforts to prevent legislation to which the insurance magnates were opposed. We do not yet know what defense the member of the cabinet, who received a considerable portion of these stolen funds, has to offer. Can it be that his defense is similar to that of Hamilton? There certainly must be some defense. And Mr. Roosevelt ought to know by this time that the members of his own party, as well as the people generally, are becoming restless in the absence of any explanation as to that portion of the stolen funds traced to the republican party's treasury.

#### HUMILIATING

The New York insurance committee has done some excellent work; but many who have been prompt to express their gratification because of the good work already accomplished were doubtless a bit disgusted when, in the report concerning the testimony of Thomas F. Ryan who succeeded Hyde in the control of the Equitable they read one portion of the dialogue between the committee chairman and the great monopolist.

The committee sought to have Mr. Ryan say just what Mr. Harriman had told him when the latter endeavored to obtain a share in the Equitable fortunes. The following dialogue explains itself:

The chairman: "Mr. Ryan, the committee does not want you to think it is being officious in the matter."

Mr. Ryan: "I know that."

The chairman: "It thinks you performed a great public service and is only seeking to get you to complete that service."

Mr. Ryan: "I still feel that I should not be required to answer."

What are the facts? Mr. Ryan paid \$2,500,000 for the control of the Equitable. Honestly, he would have received on that investment only about \$3,514 in dividends. But in purchasing this stock Mr. Ryan obtained control of the Equitable and in controlling the Equitable Ryan controlled about \$413,000,000 of policyholders' money.

Remembering that Mr. Ryan wields control over a number of other important monopolies, does any one for a moment imagine that he was actuated by any deep-seated concern for the public welfare in paying out \$2,500,000

for stock which, legitimately, returned only \$3,514 in dividends?

Men must know that Mr. Ryan had an axe to grind and that he wanted that axe ground very fine.

If Mr. Ryan had been looking out for the public welfare or for the welfare of the policyholders, his first act would not have been to select as the president of his company a discredited member of the president's cabinet. Instead of selecting a lot of trustees who, so far as the real power goes, are nothing more nor less than "dummies," Mr. Ryan would have yielded to the long-sought petition of the Equitable policyholders by actually mutualizing the Equitable.

He has established, so far as the interests of the policyholders are concerned, no genuine reforms in the Equitable. For the double barreled control of Hyde and Alexander he merely substituted the one-man control of Ryan; and, as one New York newspaper put it, where the reign of Hyde was "a public scandal" the reign of Ryan is "a public menace."

#### A NEEDED REFORM

In his annual report Postmaster General Cortelyou calls attention to the fact that during the last year twelve mail clerks were killed while on duty, 125 were seriously injured and 386 slightly injured. The mail clerks are engaged in a hazardous duty and it seems high time that the government take steps looking towards their better protection. It is a notorious fact that although the government pays a rental for mail cars that annually exceeds the first cost of these cars, the cars provided by the railroads are the flimsiest of all cars used. A majority of the collisions on railroads are what is called "head-on collisions," and as the lightly built mail cars are always at the head of a train the natural result is that they are usually the ones sustaining the greatest damage. This will explain in a measure why so many mail clerks are killed and injured. The statistics given above do not include the four mail clerks recently killed in Wyoming.

Men engaged in a work so hazardous as that of the mail clerks are certainly entitled to more than ordinary consideration. The least that the government can do is to insist that the railroads furnish mail cars solidly built, and equal to the heavy steel passenger coaches and Pullmans now in universal use. No private patron would submit to the extortion and poor service that the railroads practice upon Uncle Sam. And in addition to demanding better cars the government should provide some system whereby the dependent relatives of mail clerks who are killed while on duty may be provided for. The men engaged in the railway mail service are the most illy paid servants of the government when the exacting and dangerous nature of their work is taken into consideration.

#### DETAILS WANTED

The first bill introduced in the Fifty-ninth congress was one appropriating \$16,000,000 for the Panama canal. Ten millions have already been appropriated and expended, and so far as any one knows nothing tangible in the way of canal construction has been performed. Before any more money is appropriated would it not be well if the country were informed just how the first \$10,000,000 was spent? There are some interesting rumors afloat concerning certain items of expenditure, and the country has a right to know if they have any basis of truth. The importation of certain "commodities" from Martinique should be explained. So, too, should the importation of laborers from Jamaica. It is reported on seemingly good authority that these Jamaican laborers were induced by false representations to go to Panama, and that upon arriving there they had to be driven ashore with clubs because they discovered that they had been basely deceived as to wages, hours and conditions.

The country wants a canal connecting the Atlantic and Pacific oceans, and the Panama route having been decided on they want the canal built there. But they have a right to know how the money is being expended, and they have a right to know all about the conditions prevailing in the canal zone. Certainly with such a vast army of "experts," clerks and well paid officials it should be easy to keep the books in such a manner as to afford the people this knowledge. If the people are not taken into the confidence of the well paid gentlemen who are living in state at government expense in the canal zone, then the people should decline to furnish any more money until a new and more accommodating set of officials is put in charge.