

### LAMAR'S REMARKABLE STORY

(Continued from Page 5.)  
 Later, Lamar alleged, the principals in the transaction went to Kuhn, Loeb & Co. and got nearly \$200,000,000 which he believed was for their own use.

Lamar testified he used the name of Representative Daniel B. Roridan of New York, telephoning to Chairman Lovett of the Union Pacific.

On another occasion Lamar testified he phoned Paul D. Cravath, of counsel for the Union Pacific, suggesting Lauterbach would be a valuable adviser.

On another occasion he talked over the telephone to Lewis Cass Ledyard, using Representative Palmer's name, and with Maxwell Evarts, using Representative Roridan's name. In both conversations he spoke about Lauterbach's services.

Senator Nelson insisted that Lamar testify explicitly whether he stated in those conversations that Lauterbach had influence in Washington with officials, senators or representatives.

"I am inclined to believe that in my conversation with Mr. Ledyard I went very far in that direction," returned Lamar.

"Why did you change to Palmer's name instead of sticking to Richards?" demanded Senator Nelson.

"Well, Mr. Palmer was very much in the house then as one who would have great influence in the house," replied Lamar. He added that he did not know Palmer and had no authority to use his name.

Lamar said the late J. P. Morgan's opposition to Lauterbach caused him to telephone Ledyard, sign the name of Representative Palmer, to try and win his confidence and find out who had ostracised Lauterbach.

"I found out it was Ledyard himself," said Lamar.

"Did you know Ledyard had a

stenographer on the line making a record of the talk."

"I read everything into it I could," said Lamar. "I think I assumed the entire government, except leaving the president out. I lectured Ledyard because he did not appreciate what remarkable things Lauterbach could do at Washington for the Morgan firm. I finally told him the defiant attitude of the Morgan firm toward the democratic administration in congress had much to do with the decline in value of the Morgan securities," continued Lamar.

"I called attention to the money trust and other investigations and urged Ledyard to employ Lauterbach. Then I called up Mr. Palmer's office in Washington," said Lamar, with a smile, "and found he would be in Bethlehem, Pa., the next Sunday. Then I called Mr. Ledyard and told him to call Palmer there. I had done all I wanted to; gotten an interview for Lauterbach with Ledyard and I didn't want Mr. Palmer injured. I wanted to clear the atmosphere and prevent a possible scandal for Palmer."

The deception was revealed to Palmer and Ledyard that Sunday. Senator Overman insisted on knowing if Lamar ever impersonated any other congressman.

"Oh, Lord, I may have," said Lamar.

Lamar diverted from his narrative to denounce the Union Pacific merger plan recently approved by the federal court at St. Paul, agreed to by Attorney General McReynolds, and approved by President Wilson. The exchange of Southern Pacific and Baltimore & Ohio stock he characterized as a farce, and added that Mr. McReynolds had been derelict in his duty.

Lamar said that his plan was for the Union Pacific to buy the Central Pacific with Central Pacific stock.

Senator Cummins questioned Lamar sharply, and in the exchange the witness testified that he was a

Methodist and that Lamar was not his original name.

"I have adopted several names," he said.

Lamar's statement today before the committee regarding the alleged forgery of \$82,000,000 on the Union Pacific railroad's books in 1902 was substantially as follows:

"In the summer some time during 1901 somebody forged the books of the Union Pacific to the tune of \$82,000,000. Who it was I don't know. As a consequence the men connected with the company immediately thereafter got \$82,000,000 in cash as the proceeds of that forgery and that \$82,000,000 was the fulcrum through which all these giant monopolies and conspiracies were fastened on the lines of railroads serving the territory from the Rocky mountains to the Gulf of Mexico and from the Pacific ocean to the Missouri river, and more than that, it was the fulcrum through which this group of men profited to the extent of \$100,000,000 or \$200,000,000 and Kuhn, Loeb & Co. and one or two others profited to the extent of \$50,000,000 to \$100,000,000 in acquiring those gigantic fortunes.

"The first consolidated balance sheet of the Union Pacific Railroad company, as of June 30, 1900, contained for the first time the evidences and results of what had been going on from June 30, 1898 to June 30, 1900, and this is what had happened:

"In the transaction the old organization had lost control of the properties. They consisted of the Oregon Railroad & Navigation company and the Oregon Short Line Railroad company. The new company recovered them and paid for them, first by an issue of its own securities and secondly by an assumption of debts of these companies, and as I have already said, the consolidated balance sheet of June 30, 1900, showed for the first time the consolidated statement of all these companies.

"On the debit side appeared the amount of securities issued and the debt assumed against the acquisition of those properties.

"On the asset side credit was entered at the value of the properties acquired, and again there appeared a duplication of that. The same amount was entered over again as represented in the value of the securities, which in turn represented the value of the physical properties acquired.

"The sum of \$82,000,000, or its equivalent, was entered twice on the asset side. But up to that time the transaction was only open to the objection and criticism that it represented a piece of clumsy bookkeeping, for again on the debit side there appeared an entry crossing, treating the securities owned by the Union Pacific as though they were still afloat and in the hands of the public, but during the year 1901 somebody erased that entry on the debit side.

"So you had the entry on one side of the amount of securities issued by the Union Pacific and the amount of the debit it had assumed representing the payment of the purchase price. And then again the same entry over again. And that condition existed as a result of this forgery as a result of this erasure.

"And that \$82,000,000, before it was erased, represented a debit entry against a credit entry, that credit entry being the entry representing the securities of these companies which the Union Pacific had acquired.

"Now here is what they did and here is what followed from the forgery. They took all the securities of the Oregon Short Line and the securities of the Oregon Railway & Navigation company out from the treasury of the Union Pacific Railway company and pledged them as security for an issue of bonds and

got the money for them and they took that money and applied it to the management and the financing of this Northern Pacific stock which afterward became Northern Securities stock and then again Northern Pacific and Great Northern Ore, and that, in the end, was sold out at a most enormous profit, and the proceeds of that used to buy from Kuhn, Loeb & Co. in one day \$200,000,000 of securities which the testimony before the interstate commerce commission has strongly tended to show they bought from themselves."

Immediately after Lamar had finished this remarkable statement Paul D. Cravath, of counsel for the Union Pacific railroad, put in this reply:

"In view of the statement regarding the account on the Union Pacific's Railroad company which David Lamar has gone out of his way to make before this committee, and which to persons not familiar with David Lamar's character who may read this statement in the newspapers may be misled thereby, I deem it my duty to make the following statement for the records of the committee:

"For several days persons connected with the Union Pacific Railroad company have been informed that an effort was being made to circulate and secure publication in the newspapers of a bear attack in the form of a prepared story about an alleged falsification of the accounts of the Union Pacific company involving \$70,000,000 or \$80,000,000. We were informed in substance that this story was so palpably false and scandalous and so plainly offered for an improper purpose that the newspapers would not publish it. Information then came that the story would soon be made public in such a way that the newspapers would have to publish it.

"It now appears the medium for the publication of the story was to be this man David Lamar, who has confessed himself to be the most unconfessionable liar of modern times."

Senator Overman asked Mr. Cravath to strike out the last words of his statement.

"I decline," retorted Mr. Cravath. Senator Walsh insisted that they go out, and Cravath finally consented.

To save New York to the republicans, while the anthracite strike in 1902 was on, Lamar said he had Lauterbach call a conference between Governor Odell, Lauterbach and himself with a view of selling the stock. Upon his advice, he said, Governor Odell threatened to call on the legislature to repeal charters of anthracite railroads. J. P. Morgan sent for Lamar and Lauterbach, the witness said, for a conference on the Morgan yacht. Lamar said he did not go, but Mr. Morgan sent word the strike would be called off.

Before Lamar left the stand Mr. Cravath, with the consent of the committee, had asked Lamar if he had ever tried to inspire newspaper stories about the Union Pacific.

"The day Judge Lovett gave out his interview in New York I inspired and helped to make public the story in the New York Journal," said Lamar. He added he had talked over the telephone directly with editors of the Journal, he thought, with a man named O'Reilly.

Lewis Cass Ledyard testified that for two years previous to Lamar's telephone conversations with him, he had knowledge of attempts to induce members of the Morgan firm to employ some one to "control affairs" at Washington.

He connected Lauterbach and Lamar with them.

"Did you know at first it was Lamar talking?" asked Senator Overman.

"I knew it was some blackmailer, and finally concluded it was Lamar,"

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