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## LAW VIOLATORS

National Banks in a Criminal Conspiracy  
and the Comptroller of the Currency  
a Party to the Crime

Editor Independent: I have been having some correspondence with the comptroller of the currency. It is quite voluminous, or I would send it all to you. The following is the substance of it. On March 17 I wrote asking among others these questions:

"To how low a per cent of its deposits can a bank reduce its actual 'cash reserve' without violation of law, or being subject to a penalty?"

"Your last abstract shows that the aggregate of banks in each of twelve reserve cities were short in 'cash reserve required.' Is this not as much a violation of law as if they were short in 'reserve required'?"

On March 20 the comptroller replied at some length. The substance of his answers is contained in these words:

"Central reserve city banks are required to maintain 25 per cent cash reserve on deposits. Other reserve city banks are required to have at least 12½ per cent reserve on hand, and other banks (i.e., country banks) 6 per cent on hand."

He also referred me to section 5191 U. S. R. S. for answer to question about penalty. This section provides that when any bank is below the amount required to be kept on hand, the comptroller may notify it to make good its reserve; and, if it shall fail for thirty days thereafter so to make good its reserve of lawful money, "the comptroller may, with the concurrence of the secretary of the treasury, appoint a receiver," etc.

On March 21 I wrote again, and, in reply to this, asked the following question:

"Am I correct in understanding that, when you notify a bank to make good a shortage in its reserve and it does in thirty days (as provided by the law to which, in a former letter, you called my attention), the same bank can again immediately, say in one or two days, reduce its reserve below the requirements of the law, and that all you can do is to serve another notice, and that this would again give the bank thirty days within which to comply, etc.? Cannot a bank in this way continually violate the law in defiance of the comptroller and the department?"

To this I received answer, dated April 23, of which the following is the substance:

"There is nothing to be added. The duty and discretion of the comptroller will not be discussed."

On April 24 I wrote again, in substance, as follows:

"It is not a discussion I have wanted, nor do I think I have asked for a discussion."

"I have been very desirous of obtaining from the comptroller's department such an answer as would indicate that the department itself is not a party to the continual violations of the national banking law, that are manifest to any one, who knows anything at all of the subject."

"It must be true that if banks are able, in the manner indicated, to maintain reserves below the requirements of the law, then the law is defective and ought to be amended."

"You say, 'the duty and discretion of the comptroller will not be discussed.' There was not a word in my last about duty or discretion. I asked you the simple question, if it is not true, in the way indicated, that a bank can continually violate the law in defiance of the comptroller and the department. It is nonsense to say that it would be improper for you to answer this question."

Such has been the result of an attempt to get information out of the comptroller.

There is no competent banking authority on the face of the earth that regards anything less than a 25 per cent reserve as safe. By law, only 51 national banks are required to keep that amount, while 269 are only required to keep one-half that amount, and 4,027 may reduce their reserves to 6 per cent. Notwithstanding this rotten and dangerous provision, there are hundreds of banks allowed, by the comptroller and the treasury department, to encroach upon even this low reserve in clear violation of the law. It is perfectly safe to assert that not less than 100 out of the 61 central reserve and the 269 reserve city banks are continually and systematically violating the law that authorizes their existence.

It is equally certain that it is being done with the full knowledge and with the consent of the comptroller, whose duty it is, under section 5239 U. S. R. S., to bring suit to forfeit the charter of every such bank. The charter cannot be forfeited without suit, and no court can bring the suit except the comptroller.

Is there any wonder that he does not desire "to discuss" the subject? But, after all, is he responsible for the situation? The law puts the responsibility on him, but the situation is controlled by the secretary of the treasury, and by the president. Here lies the real responsibility rests.

I suppose the answer to this will be, that, to bring suit against every such bank, would precipitate financial disaster. Well, this may be true, but what a comment this is upon the whole national bank system. We have created 4,357 of these institutions by law. They have now acquired, under the law, sufficient power to bring disaster upon us if we attempt to make them obey the law.

Is it then true that we have created a financial Frankenstein, a financial monster, that has wholly escaped from our control and now threatens us with destruction? Talk about anarchy! Here is the anarchy, the defiance of law, that threatens the peace of society and the perpetuity of our institutions.

I have examined the Fowler bill, and I say without any extravagance of expression that, from the standpoint of public interest and welfare, it is the most infamous financial proposition ever made in the history of the world. It may postpone the day of disaster, but the force of it, when it does come, will be multiplied many times.

"You are advised that the columns headed 'reserve held' and 'ratio of reserve' might be more properly expressed as 'cash on hand,' including funds with reserve agents."

No difference what might be, it is not so expressed and never has been, but the abstracts show specifically that banks short in cash have a full reserve, and this is impossible, as he admits.

On April 14, I wrote:

"I made the statements not as arguments, but to make my questions understood. I assume that you use or

exercise discretion on what seems to you sufficient grounds."

"I would like to know the facts that make the basis of any discretion you exercise in allowing banks to be short in their reserves."

One April 16 he answered:

"The comptroller has no authority to exercise a discretion in a matter concerning which the law is mandatory. Whenever a shortage in reserve is reported, the attention of the bank is called to the matter and is required to make the shortage good."

This is a remarkable statement in view of the law that says, "the comptroller may notify, etc., and that the comptroller may, with the concurrence of the secretary of the treasury, appoint a receiver, etc." It is remarkable in view of his reference to "discretionary powers" in his letter of April 3, and in view of the fact that the charter of a bank cannot be forfeited except by suit of the comptroller in his own name.

On April 21 I wrote again, and, in reply to this, asked the following question:

"An act to protect trade and commerce against unlawful restraints and monopolies."

"Approved July 2, 1890. 26 Stat. 203."

"Section 1. Every contract, combination in the form of trust or otherwise, in restraint of trade or commerce among the several states, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations is hereby declared to be illegal."

"Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."

The next section makes it a crime even to attempt to monopolize trade. It is in the following words:

"Section 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."

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## MEAT TRUST AND TARIFF

The People in the East Kept in Ignorance

The Plutocratic Papers Find Out

What a Trust is

The people in the east have found out what a trust is! The "beef trust" has taught the lesson. It is a practical demonstration, by hitting the people hard in the stomach. For years and years we have been hearing about trusts, as something far away; but now, that one of them has come into every family and raised the price of meat we know their power. For years they exhibited their power by killing off competitors, but now, that they have raised their hand against every man's hand it becomes necessary to find a remedy for killing the trust itself. There is a remedy near at hand, known as the "Sherman anti-trust law," which every citizen in the east will read with interest. It is in words as follows:

"An act to protect trade and commerce against unlawful restraints and monopolies."

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"Section 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in section 1 of this act, and being in the course of transportation from one state to another, or to a foreign country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, and condemnation of property imported into the United States contrary to law."

The foregoing sections give the United States the right to proceed not only criminally, not only in a court of equity for restraining further criminal action, but the government can seize all the property of the unlawful combination when found in course of transportation.

The next section furnishes another civil remedy in the following words:

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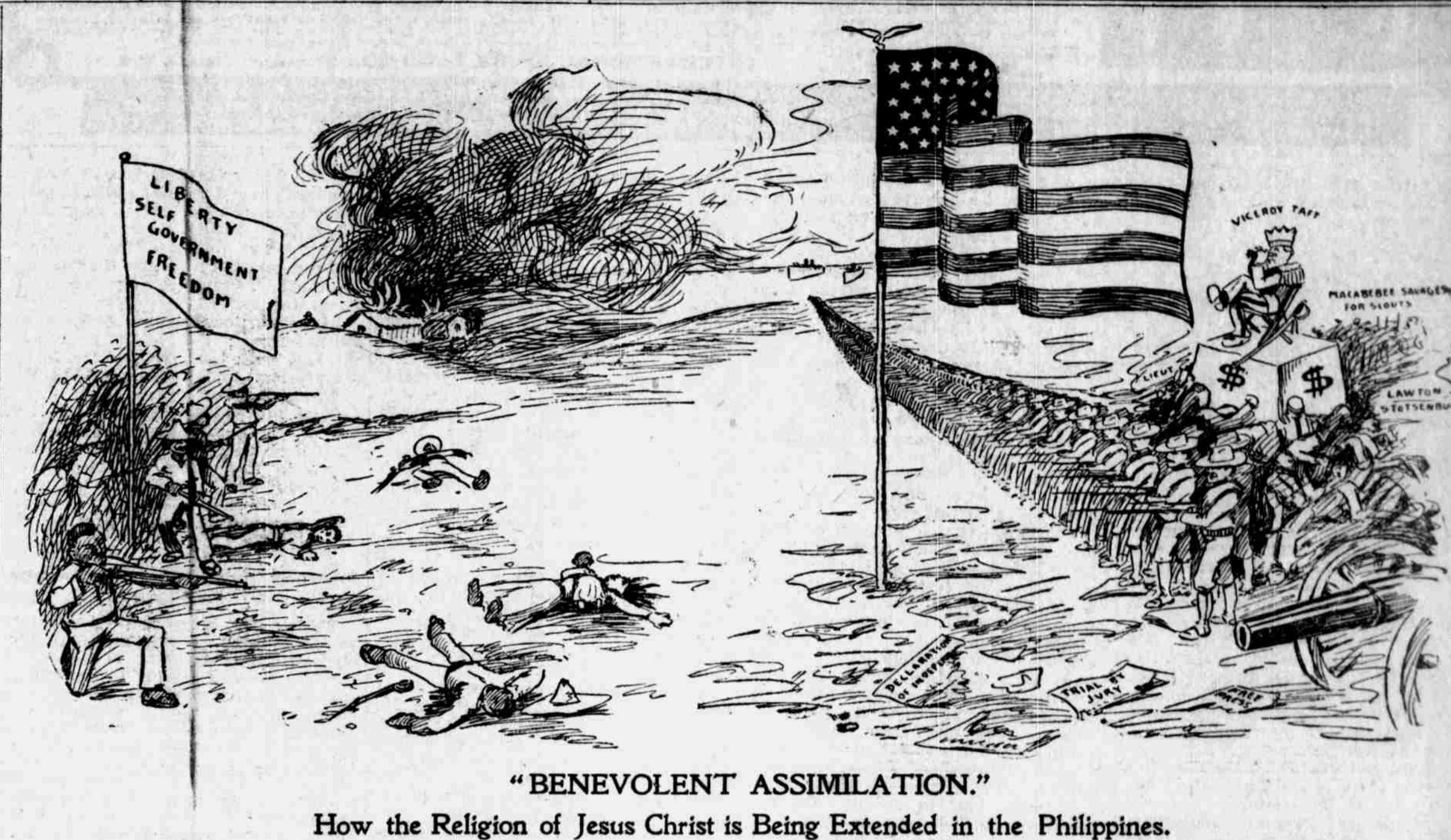
The foregoing sections give the United States the right to proceed not only criminally, not only in a court of equity for restraining further criminal action, but the government can seize all the property of the unlawful combination when found in course of transportation.

But this is not all. It enables private individuals to recover threefold damages, as appears by the following section:

"Section 7. Any person who shall be injured in his business or property by any other person or corporation or by reason of anything forbidden or declared to be unlawful by this act, may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee."

The act not only provides three civil remedies, but a criminal prosecution besides, and yet gold bug democrats and tariff-for-revenue-only democrats are saying that the law is no good!

Hereafter, if any monopoly exists—a monopoly that does business in more than one state—the president of the United States ought to be held responsible, because the power is in him to appoint an attorney general, and this officer has power to direct any district attorney in any part of the United States to bring suits at the expense of the government. For the purpose of executing this law, the president is the United States. He has vested in him all the power of the



BENEVOLENT ASSIMILATION.  
How the Religion of Jesus Christ is Being Extended in the Philippines.

## GEN. SMITH'S ORDERS

The Excuse Given for Their Insane and How the Campaign Began in Which all Filipinos Were Killed

all Filipinos Were Killed

The excuse for the order to make Samar a howling wilderness was the slaughter of nearly a whole company of the Ninth Infantry. The question arises whether that slaughter was without excuse. It was not a one-sided affair at all, for many of the natives were killed in the onslaught. The Filipino side of the story was of course never told. One of the men who escaped was William J. Gibbs of Springfield, Mass. Having served out his time he has returned home. He was promoted to corporal and recommended to receive a medal of honor for gallant services. Corporal Gibbs makes the following statement:

Captain Connell, testifies the corporal, while under instructions to do everything to conciliate the people of the island, started in to "clean up" the town, and "give it a semblance of civilization." He became intimate with the native officials of the village and with the priests of the convents, and apparently won their confidence. But he soon met difficulties in getting the natives to work. It was a tropical climate. "The men (natives) would work two or three days with more or less energy, but their activity then ceased." What Captain Connell then did is related by Corporal Gibbs:

"The only remaining method that could be adopted in getting the work done was by compulsion, and Captain Connell set out to do this, thereby reducing the natives to practical slavery. Those who refused to work without compulsion were kept in confinement when not at work, and while they were at work a guard was stationed over them, after the manner of the plantation guards in the cotton fields of the south a half-century ago. This conveyed an unnatural impression of the American people to the Filipinos, and it is no wonder that they rebelled. They were not allowed to go to their homes at night, but the 90 men who were thus enslaved were confined in two conical tents, each of which was only sufficient to accommodate 16 men. Their wives were obliged to carry them their meals, and none of the comforts of their homes were provided. It is not to be wondered, therefore, that these natives were sullen and plotted death and destruction to their captors. The enlisted men of the company were outspoken in their disapproval of this regime, but the captain was the authority, and his will was obeyed. For six weeks before the massacre the natives had become sullen and morose, and not a single man was willing to assist without being compelled. But he will have to avoid all entangling alliances with those gold standard democrats who are talking about free trade or tariff for revenue only. If the protective tariff system needs reforming or revising, it is for the republicans to do it. It was not the work of democrats and they