

DARK LANTERN METHODS BY THE "DEFENDERS OF NATIONAL HONOR"

Democrats will remember that John A. McCall, president of the New York Life Insurance company, was very active in his opposition to the democratic national ticket in 1896. Mr. McCall frequently gave out high-sounding newspaper interviews, declaring that he was actuated by high and lofty motives, and he issued a circular to the policyholders in his company, in which he warned them that the election of the democratic ticket would force the company into paying claims of the insured in "50 cent dollars." In that letter Mr. McCall said: "To compel the policyholder or his family to accept one-half the value that he has paid for at the maturity of the claim would be as iniquitous and indefensible as though he had been robbed on the highway." Mr. McCall further said that the issue in 1896 "involves the honor of the people and the prosperity of the country" to which, as Mr. McCall put it, "the Chicago candidate and platform are antagonistic." Mr. McCall then asked those who would hear him to set aside their "non-essential convictions" and aid in the defeat of the democratic ticket "for patriotic reasons if for no other." In that letter he had much to say concerning the "sacred trusts" confided to his care. He sought to make his policyholders believe that his opposition to the democratic ticket was based upon his anxiety to guard those "sacred trusts." The testimony before the New York Insurance Committee shows that at the time he was making those appeals in behalf of the republican national ticket, and not only then, but long prior to that time and since that time, Mr. McCall and his associates were trafficking in the "sacred trusts" confided to their care. The testimony shows that Mr. McCall and his associates had small conception of honor when it came to handling the policyholders' money.

It was not "50 cent dollars" that Mr. McCall and his boon companions were afraid of in that campaign. They knew they were guilty of fraud, bribery of legislatures, corruption of politics and misuse of trust funds. They were afraid of criminal prosecution, and they felt safer under a republican administration.

The testimony introduced before the insurance committee at New York shows that McCall and his associates lied (the term may be harsh, but it is deserved) in every material statement made in a circular issued by them, which circular was intended to impress upon the agents of the company and the public generally the notion that the affairs of the New York Life Insurance company were in the hands of highly honorable men, who could be depended upon to administer those affairs honestly and in a business-like way. If any one doubts this statement let him read the circular now in The Commoner's possession. This circular is entitled "The Compensation of the Executive Officers of the New York Life Insurance Company; Who they are; How Chosen; Their Duties."

The following showing deals with extracts taken from this circular:

FALSEHOOD NUMBER 1

"The doors of the New York Life are open wide for public inspection; it courts publicity and welcomes the sunlight."

Yet the testimony before New York's insurance committee showed innumerable instances of dark lantern deals, while the officers of the company, admitting that \$100,000 was paid to one Andrew Hamilton, could not say for what purpose that large sum of money was expended. The New York Herald says: "These Hamilton checks, drawn on the unexplained order of Mr. McCall, and paid on March 9, 1904, were for \$55,000 and \$45,000 respectively. They were first charged against the 'non-ledger' account in the Hanover bank office, No. 5 Nassau street, which is really the headquarters of the chairman of the Finance committee. Later they were transferred to the real estate account on the regular books of the company, and the \$100,000 entry was included in an item designated 'sundries,' which aggregated \$235,000."

FALSEHOOD NUMBER 2

"There is not a single thing the executive officers have to conceal."

Yet it was brought out before the insurance committee that the New York Life company has at various times transferred blocks of securities, aggregating several millions of dollars, to the

New York Security and Trust company, now known as the New York Trust company, to enable it to conceal the ownership of these stocks in its annual schedule of assets.

FALSEHOOD NUMBER 3

"The following direct and positive statements are made: The last of the New York Life's holding of stocks were disposed of in 1901 in accordance with its own modifications of its own by-laws. Since that date not a dollar of its funds has been invested in bank stocks, trust companies' stocks, railroad or any other kind of stock."

Yet the testimony shows that millions of dollars of the funds were invested in such securities, and that in order to bolster up its false statement the New York Life adopted a system of transferring these securities to a trust company, the transaction taking the form, on the company's books, of a loan to the Life company the loan being secured by notes drawn by employees in the New York Life with the stock as collateral security. One of the employees, who drew a note running to the Trust company, was a messenger who received a salary of \$600 a year. His note was for \$1,500,000, and was accepted by the Trust company. One of the other employees who gave his note was a clerk in the securities department.

FALSEHOOD NUMBER 4

"No officer of the New York Life has received any profit from the sale of stocks or other securities of the New York Life."

The testimony justifies the conclusion that some one did receive some of these profits. As the Chicago Record-Herald says: "The records of the company show that it participated in certain syndicate operations. There are memoranda to show the amount of profit made by the syndicates and the share to which the insurance company was entitled. A thorough and exhausting search of the books, lasting for weeks, has in a number of cases, however, failed to show any indication that the company received the profits."

FALSEHOOD NUMBER 5

"All of the New York Life's financial transactions have always been directly carried on in the company's name—never in the name of any individual or individuals."

Yet the testimony discloses that transactions amounting to millions of dollars have been carried on in the names of poorly paid employees.

FALSEHOOD NUMBER 6

"No officer of the New York Life has ever shared in or received compensation of any kind from the purchase of securities by the New York Life."

Yet the testimony justifies the conclusion that this "direct and positive statement" was a perversion of the truth.

FALSEHOOD NUMBER 7

"No officer of the New York Life receives any salary or compensation, directly or indirectly, from any corporation whose securities are held by the New York Life."

Yet Vice President Perkins is a member of J. P. Morgan & Co., in whose securities the Life company extensively dealt.

FALSEHOOD NUMBER 8

"No officer of the New York Life receives a profit or compensation of any kind from the sale of securities by the New York Life, or from investments made with the funds of the New York Life."

Yet the testimony discloses that syndicates galore trafficked in the New York Life's funds.

FALSEHOOD NUMBER 9

"No officer of the company has ever been allowed to borrow money from the company or in any way to secure the company's funds for his own purposes."

Yet John A. McCall on his own motion and without the sanction of anyone, paid more than \$148,000 to the republican national committee.

FALSEHOOD NUMBER 10

"The board of trustees of the New York Life most jealously guard the policyholders' funds. No officer would be allowed by them, even if he were so disposed, to profit directly or indirectly by his official connection with the company, or in any other way than by the salary voted

by the board and allowed to him for his services." Yet the testimony discloses many instances showing the untruth of this statement.

FALSEHOOD NUMBER 11

"We commend the policy of an open ledger. We commend a ruling under which information, when sought, is sent promptly to the policyholders."

Yet the testimony discloses that the habit of the New York Life was to transact business in the dark.

FALSEHOOD NUMBER 12

"President McCall's life has been an open book. Under his superintendency the New York insurance department became the terror of evil doers and the sure support and defense of those who did well. All that President McCall has gained in popularity and position and power in the world of business and finance has been achieved by his diligence, his capacity for hard work, his strict adherence to upright business methods, by rugged integrity and by his keen sense of his tremendous responsibility toward the vast and sacred interests in his charge."

Comment on this highly eulogistic and wholly undeserved tribute is unnecessary. See testimony before New York's insurance committee.

FALSEHOOD NUMBER 13

Under the title, "Some of the More Important Duties of the President," appears the following: "Transferring securities; satisfying mortgages; making and calling in investments with consent of finance committee."

Yet the testimony discloses that President McCall in dealing with these important affairs did not wait for the consent or approval of any one.

FALSEHOOD NUMBER 14

"No one in an official position with this company can participate in any income from its business, or receive directly or indirectly any other fee, emolument or compensation than his regular monthly salary check."

This statement is amply refuted in the testimony given before the insurance committee.

FALSEHOOD NUMBER 15

"Prior to Mr. Perkins' connection with the J. P. Morgan & Co., the New York Life had a bank account with that firm. After Mr. Perkins entered the firm that bank account was closed and the New York Life has since had no financial transactions of any such kind or nature with the firm of J. P. Morgan & Co."

Yet Mr. Perkins himself admitted that as vice president of the New York Life he sold to himself, as a member of the firm of J. P. Morgan & Co., \$800,000 in securities, and that later as vice president of the Life company he bought those same securities from himself as a member of J. P. Morgan & Co.

FALSEHOOD NUMBER 16

"In every particular have the board of trustees of the New York Life safeguarded the interests of its policyholders by surrounding the actions of its committees and executive officers with by-laws that are strict and wise."

The testimony before the insurance committee discloses that whatever these by-laws may have been, they were not sufficient to safeguard the interests of the policyholders while McCall, Perkins et al, were in control.

FALSEHOOD NUMBER 17

In one paragraph it is stated that the treasurer of the New York Life sees to it that "just and true cash, check, bank and other proper books are kept, especially including records of all moneys received, deposited, drawn and disbursed, for what, and from whom received, for what and to whom disbursed, and of all investments and securities."

Yet the testimony discloses that, acting on his own authority, the president paid \$148,000 to the republican national committee, without designating for what purpose the money was expended, and in another instance gave to one Andrew Hamilton checks amounting to \$100,000, the purpose of which payment no one seems able to explain, while \$135,000 additional was charged to "sundries."

FALSEHOOD NUMBER 18

"The New York Life is nothing if not an

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