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A Few Coppers and Costly Experience for the Victims.

THE EXTENT OF THE PUBLIC PLUNDER

Dimensions of the Numerical Bond Swindle Strangled by the Postal Authorities-Enormous Profits of the Promoters.

An inventory of the remains of numerical bond companies, though incomplete, justifies the condemnation which their operations evoked. Words but feebly measure the breadth and depth of this gigantic swindle which counts its victims by the tens of thousands. While other financial bubbles collapsed at the first breath of depression, bond lottery schemers seemed to thrive on poverty. Their operations were confined largely to a class that can ill-afford the loss. To them were held out inducements in the shape of bewildering profits. The South Sea bubble in its palmy days could not equal on paper the money making powers of the lottery bond. It was a mint created to abolish poverty and overspread the ruins with the expansive lap of affluence.

Around this glowing golden magnet the gullible flocked like electric bugs on a July evening. They came from all sections and poured their dollars into the coffers of the promoters, who, for a satisfactory rake-off, agreed to set in motion the magic wheels which would convert dimes into dollars. The wheels operated successfully in one re-The promoters secured the money. spect.

while the victims have the experience The exposure of this shallow and menda-clous pretense in THE BEE and other newspapers, followed by warnings and denuncia-tions by state authorities, checked its growth. But these agencies were insuffi State laws afforded no weapons to meet the emergency, and recourse was had to other means. The promised relief was furnished by the postal authorities. The federal law prohibiting the use of the mails by lottery schemers was invoked most effect-ively, and in about six months has practically squelched the swindle and the swin diers. The efficacy of the law is shown in the gratifying record of convictions and arrests and the rigid exclusion of lottery lit erature and letters from the mails. Three convictions of leading promoters were had in Chicago, arrests have been made in Cres-ton and Council Bluffs, Ia., and in Denver, Salt Lake City, Ogden and San Francisco. Right and left offices have been closed and the promoters have flown to avoid the wrath of justice and of buncoed victims.

A Specimen Loot.

Following the conviction of the head officers of the Guarantee Investment company in the federal court of Chicago last Nover r, a receiver was appointed to wind up the drs of the concern. During the trial the affairs of the concern. defendants asserted the company was solvent and fully capable of fulfilling its promises. The report of the receiver filed in court last week tells an altogether different story and affirms the justice of the jury's verdict. The report shows the company's liabilities were \$55,000,000-that is, there were 55,000 bonds outstanding. To pay off these bonds the receiver found \$449 in cash, 75 cents in multilated coin, and an assortment of office furniture with an adhesive chattel mortgage attached

Notwithstanding the collapse of the cor . cern and the conviction of the chief swin diers, many victims are paying their install ments, expressing faith in ultimately receiv ing the promised reward, while others, comprehending the situation, forward pite appeals for the money they foolishly paid great many of the bendholders are widows, orphans, working girls, street car conductors, rallway employes and others in similar walks of life who have invested the avings of years to make the first payment m a few of the company's bonds and who savings of ave deprived themselves of th It appears accessaries of tife to keep up the monthly

The Chicago Tribune relates that a modest dignified young woman of refined manner valked into the office one day to find out what hope there was of realizing upon ten bonds she held. She said she was a typewriter and her sister was a saleswoman. They had been raised in easy circumstances, but their parents died and left them nothing. They went to work to support the selves and to educate a younger brother. went to work to support them

The Plandered

was a hard struggle and to make it easier they had scraped together \$100 to make the first payment on ten bonds, hoping that when they matured they would have enough to complete the education of the brother. Another victim, who sat in the office and heard this story, received but scant sympathy. In fact the disinterested bystanders reated it as a rich joke and laughed uproar ously, for this victim had money and could bear the loss, even if it were rather hard. He was a merchant from a Wisconsin town and had come in to see the receiver upon an important business matter. They were in-terrupted by the entrance of the young woman. Evidently the Wisconsin merchant then heard for the first time that the Guar antee Investment company was in the hands of a receiver, for he turned pale, leaned back in his chair, and fairly gasped. When the young woman had gone he turned to Mr. Hurley and inquired :

"Do you know where I could hire a real strong man to kick me for a few hours?." Why ??

"Weil, I hold 211 of those bonds; that's II. O, think of it! Two thousand one hun 111. tred and ten dollars in cold cash and \$263 a nonth afterward and nothing to show for O, me! O, my!"

Many prominent Chicago citizens hold large numbers of these bonds, many of them olding 100 apiece. The agents had a scheme for selling bonds in blocks of fifty by repre-senting that by the multiple system, five being the multiple, any one who held fifty bonds was absolutely certain to get at least one bond cashed every ten drawings. But stranger still is the fact that bondholders come in every day and insist on paying their assessments and express undying faith that "the company will be all right pretty soon." They do not stop to consider that, there being 55,000 bonds outstanding, they have one chance in 55,000 of realizing on their investment when a drawing is held; nor do they seem to think it strange that a concern which had received \$550,000 m cash as first payments on bonds, not a cent of which was used for the redemption of bonds, and 25 cents premium on each bond every month should be obliged to mortgage office ture, and they go away with hearts filled

with bitterness against the receiver because he will not take their money. The receiver expects to secure a portion of the \$100,000 in good bonds filed with the sec-retary of state of Missouri, but this involves considerable itigation. Even if realized upon promptly it would not pay a tithe of the pending claums.

Counting the Cost.

What was the harvest of the promoters! According to the facts anduced at the trial of the Guarantee officers the company dis-posed of 55,000 bonds. For these the pur-chasers paid a total of \$550,000 in the shape of preliminary fees, or \$10 a bond, This enormous sum was pocketed by the agents. A good rustling agent could make anywhere from \$50 to \$500 a day, and one struck an extra streak of luck in Chicago and pocketed \$1,200 profits in a day. The fee of the actual managers was 25 cents out of each nonthly installment, which, at the time of he prosecution, netted \$13,750 per month. Estimating the total number of bonds were paid on during half the life of the company, the profits from this source amounted to \$165,000 in two years. This, however, does not represent the whole of the promoters' rake off. On the same basis of calculation

the income, exclusive of the 25 cents, was \$660,000. Out of this only \$206,000 was paid to holders of 206 bonds, leaving \$454,000 ununted for. Is it any wonder Judge Grosscup char-

terized the scheme as public robbery? When the postal authorities laid hands on the swindle there were 152 companies known to exist. They spread over the country from the lakes to the Pacific and were

least equal the Guarantee's total. Applying the Guarantee ratio of income to outgo to the whole, the receipts aggregated \$2,750,000, of which \$412,000 was returned to the bond which \$412,000 was returned to the bond-holders, leaving the enormous sum of \$2,338, 000 as clean profits for the swindlers. The pity of it is that nine-tenths of the swin-dlers will go unwhipped of justice.

down to a few hundred. The aggre

gate of bonds issued by these concerns at

A Texas Roar. The Texas commissioner of insurance. backed by the attorney general of the state, has declared war on the bond frauds. His action roused the wrath of interested parties, and in an open letter he defends him self in this vigorous style: "I denounced and exposed the numerical bond companies because they were frauds pure and simple in the interest of the people of this state knowing if they were not 'strangled in in fancy' the people of Texas would be merei-lessiy plundered and would soon lament the existence of such corporations, and would have cause to censure officials whose duty it was to warn and protect them against such speculative and deceptive schemes. It is frivolous to say these gauzy chemes, founded upon the doctrine of chance only, are attacked in the interest of life insurance, when it is a fact that every periodical wave of such frauds but strengthens the hold of life insurance upon people and adds to its popularity, be the

the experience and comparison cause people learn to appreciate and admire the "The payment of the bonds of these in vestment companies is not determined by any law of nature or business as in the case of life insurance or other sound and houest institutions of the land, but by lot or chance as in a lottery. In the contract no time is named when bonds mature, but a vague, inlefinite maturity is promised accordi mathematical table constructed by the comonly, which means, at best, that the bond-olders who were in at the first 'divide' of lucky numbers may be paid and an occa-sional late comer if the company can live

ong enough to catch suckers sufficient. "The only difference in any of the plans is he scattering of the lucky numbers. is done under a pretense of being fair, the real purpose being to allure and encourage late comers. Again, there is a so-called reerve fund, which some provide, while others o not, which is a delusive incidental bene fit and insufficient to meet the promises of its creation."

Minor Installments.

A Michigan man holding thirty-one bonds in the Columbian Bond Investment com pany of Saginaw applied for and obtained an injunction restraining the monthly drawng. The plaintiff says the concern has re-eived more than \$18,000 and paid out but \$3,400 in four months, and that the whole heme is a fraud.

An Omaha promoter showed painful agitalon a few days ago. Since the mails were losed to the concern he represented, care was taken not to violate the order. By an versight a bond purchased by a colored voman was forwarded to her address through the mails. As soon as the promoter discovered his mistake he made a lively rus

tle for the incriminating envelope. As the woman was anxious to recover her money the promoter saved himself by refunding. The attorney general of Missouri has com-nenced proceeding before the supreme court of the state to vacate the charters of the

Juarantee Hond Investment company of Nevada, Mo., the Pettis County Investment company of Sedalia and the St. Louiz Mutual Bond Investment company. torney general of Minnesota is understood to be contemplating similar action against bond investment companies in that state. Similar action ought to be instituted by the attorney general of Nebraska to annul the incorporation of bond concerns in this state. A comparison of their incorporation articles with the business conducted would convince any court of their fraudulent character.

San Francisco bond promoters are doing some lively sprinting to keep beyond the each of the postal authorities. The insurance commissioner of Pennsyl-vania denounces the Order of Solon as a

huge fraud. It has a membership of 10.601 residing in six states. It resembles the from iding in six states. In four years it collected \$585,000, has Hall. multiplying at an amazing rate. Of these the looting Guarantee was the parent as outstanding contracts aggregating \$5,434,000 and the net available assets with which to well as the richest, having agencies in a meet these millions amount to \$144.448.

The Income Tax Bill and the Building-Loan Associations.

EXEMPTION CHECKS A MIGHTY ROAR

The Looting Methods of Chicago Nationals Looked Into by the Grand Jury-Some Details of the Robbery-Impor-

tant Court Decisions.

What promised to develop into a mighty coar against certain provisions of the proposed income tax bill pending in congress has suddenly subsided. Building and loan associations are specifically exempt from the proposed tax.

When it became evident two weeks ago that an income tax would be incorporated in the revenue bill and that the income of corporations would be invited to stem the treasury deficit, well grounded fear was manifested in building association circles throughout the country. Unless an exception was made associations would necessarily come in under the head of corporations, the dividends of which are to be taxed 2 per cent. Here and there a note of warning was sounded, but comparatively few realized that such a step was contemplated. Up to last Monday Philadelphia associations had not heard of the proposed tax, and very few in the west had an inkling of what was on. Up to within a few hours of the introduction of the bill associations were included in the list of taxable corporations. The authors of the measure evidently realized the injustice of taxing the income of these associations, and added to section 6

proviso reading as follows: "And provided further, that this act shall not apply to the incomes or dividends re-ceived or paid by such building and loan associations which are organized under the aws of any state or territory and which do not make loans except to shareholders within the state where such associations nave been organized."

The exemption, it will be seen, is confined practically to local associations which are really mutual in character. None of this class seek business beyond the state in which they are incorporated and very seldom go beyond their respactive counties The national or interstate class will, if this provi-sion becomes a law, be obliged to limit their operations to state boundaries or pay the tax. The action of the authors of the act removes what would have been a trouble some, organized opposition to the measure. Statistics compiled by the United States mmissioner of labor show that at the close of 1893 there were 5,800 associations in the country with a membership of 1,655,456. The present number of associations exceeds 0.000 and it is probable that the total membership is 2,000,000. Had these organizations been aroused against a direct government tax it is certain they would make a highly inter-esting time for advocates of the bill and carry their sentiments to the ballot box with emphasis;

A National Wreck.

Later developments in the affairs of the illapsed Chicago Nationals do not afford uch comfort for the victims. In addition made by the National Bullding, Loan and Investment society, the investigation of the state auditor shows that the society's assets are impaired to the extent of \$145,000. In

application for a receiver the attorney genscal stated that the society, since its organi ration in 1800, collected an expense fund of 10 cents a share per month. All this disap-10 cents a share per month. All this disap-peared into the pockets of the managers and an overdraft of \$8,050, making a total of \$30,000 gone whither no one knows. The secretary drew the snug salary of \$7,500 a year for work valued at \$1,500. Other year for work valued at \$1,500. Other officers received round sums for little or no labor, the governing motive being to dis- I burse the receipts in the manner best calcu-

The action of the Indiana State Board of Tax Commissioners in the matter of building and loan associations will be watched with interest, especially in those sections of the country where issues of paid-up assessments are popular. The board has had the question of paid-up stock assessments before it for some time and has just reached a de cision, by the terms of which such stock is to be taxed at its par value. The board was unanimous in the opinion, it is said, that money placed in paid-up shares was simply loan to the associations, for which lender received from 6 to 8 per cent, and in the end shared in the general profits of the

Faxing Paid-Up Stock

exempting the building and loan stock from taxation was intended to give immunity to such loans. Acting on this theory they de-termined that this stock should bear its burden just as other capital invested in an

to test the question whether a building and oan association of the national variety escape state scrutiny by appealing to the United States court. The American, an Illinois association, the managers of which souandered hundreds of thousands on sand ts, variety theaters and museums, was declared insolvent by the state auditor, but to prevent the state from winding up its affairs for the benefit of the victims the managers applied to the federal court for a receiver. and secured the appointment of a friend the wreckers. The attorney general has asked that the order be vacated and that the state be permitted to deal with the concern and the looters as the state law directs. menting on this, the latest develops of national crookedness, the Chicago Herald says: "The bankrupt associations, instead of attempting to recover themselves under the conservative provisions of the state law, have rushed into the United States court. confessed their insolvency and applied for a receiver of their own appointment. These proceedings bear the appear-ance of collusion. The only pretext that the defaulting agents of the Illinois corporations had for this course was the allegation that they had stockholders in other states. If this pretext is good for tying up a case of the kind in the United States court the resources of craft and fraud in similar com-binations are almost endless. Any concern might donate a share of its stock to a citizen of Indiana or of Missouri, and then claim the protection of the United States courts, through a collusive receivership, to oust the state courts of jurisdiction and defraud the vast majority of its stockholders. In holding these associations to strict account under their state franchises, Attorney Gen eral Moloney is performing an imperative public duty. They are not interstate af-fairs. They should be neld accountable in the courts of the state from which their charters are derived."

The reason for the American's appear to valued at \$35,000. The plan which see ied to amounting to \$200,112, and membership aggregating \$150,920, making a total of over \$600,000 stolen by the managers. It is not improbable that before the receivership

ontest is settled some of the robbers will nave acquired quarters in the state The grand jury has taken hold of the robbers.

Validity of Pala-Up Stock.

The court of appeals of New York has decided that the issue of paid-up stock by a savings and ionn association is not against The case was one brought Charles S. Fairchild, representing the Peter Cooper association of New York, against the uperintendent of the banking department. uperintendent Preston refused to REPORT the certificate of incorporation of the Peter Cooper association because it announced its intention of issuing single payment stock. The court of appeals directs the court below

J., has decided that loan associations have a right to charge interest only on the amount advanced. The papers in the case showed that the Luncoln Building and Loan association had advanced \$7,000 to Charles Clark's Sons & Co. on a premium bid of \$1,000, taking as security a mortgage for \$5,000. The firm subsequently gave a second mortgage on the property to the At-lantic White Lead company, which moved to set aside the first mortgage. Vice Chancellor Van Fleet held that the associatio had a right to charge a premium for its loans and to include the amount in the mort-gage, but it had no right to collect interest

RELIGIOUS.

Interest on Premiums

on the premium. He also held that the as-sociation's fines and penalties for default were legitimate charges against the prop A few more such decisions will help to entirely retire the obsolete gross premium

PRATTLE OF THE YOUNGSTERS, Little Mary has always been devoted to

her Aunt May, and prays for her each night long and fervently. One day, however, during a visit to her aunt's, the child did something wrong and had to be punished. When evening came, and she knelt at her aunt's knee to say her prayers, it was evident that the sore spot was there still.

"Bless papa and mainma," began the childish voice, and then there was an ominous silence, after which the prayer was con-

luded with no reference to Aunt May. 'Now," remarked Miss Four-Year-Old, with flashing eyes, as she rose to her feet, what do you think of that for a prayer?"

Howard T., who has lived all his short life in a city, was taken recently to visit at a "real farm." The child was in ecstasies. Every animal on the place was a delight to him, but his affections especially centered about a Jersey calf.

"I would like to buy it," he said to the owner. "But what would you give in exchange?"*

he was asked. "My baby sister," replied the child with the utmost gravity; "we have a new baby nearly every year at our house and we've never had a calf!"

Edward Junior (aged 5) is the son of the most devoit of ministers. One day the min-lster's wife was told that her little boy had been overheard swearing. Calling him to ner, she told him what she had heard and

asked if it was true. "Who told you!" he demanded. "Oh," she replied, rather surprised, "a little hird told me." "Oh," she repli-little bird told me."

"Well," responded the youthful impenitent, "then it was one of those darned sparrows."

The inborn pride of Chicagoans and their neighbors in their city and all that belongs to it, especially since the fair, is well illustrated by a remark made by a youngster in Evanston, lii, the other day. His mother overheard him talking with his little sister and discussing great questions, as children do, with all the gravity of his eiders.

Harry Finally the fittle girl asked, "Harry, where was the world made?" And Harry, with an air of superior wisdon, answered, Why, don't you know, Dotty? In Chicago, of course!'

"Oh, Agnes!" exclaimed her younger brother, John, the other day, "there's a hole in your stocking as big as a doltar. You'd better not iet mamma see it." "How you do exaggerate, John," replied

the sister, examining the aforesaid article of apparel. "It isn't much larger than a half

"That ain't much of an exaggeration, then, replied the brother. "A silver dollar's only worth about 70 cents now, so you see, smarty, I was nearer right than you are."

A Canadian judge has decided that the chief agent of a foreign insurance company operating in Canada is the proper person 10 make affidavit as to the correctness of the nake affidavit as to the correctness statements filed in that country. This seems strauge to insurance agents, inasmuch as the colef agent can only know what the officers choose to tell him, while the officers themselves have or can have absolute knowledge of the company's affairs.

Willie Collier, of "Hoss and Hoss" fame, and Hoss" fame,

during the coming spring will produce a new day by Edward E. Eidder called "A Back Number.

Dimensions of the Loot. the federal court is a consuming desire to protect the men who rioted with its funds. The report of the state auditor shows that the concern loaned over \$300.000 in sums ranging from \$5,000 to \$11,000 on property strike the managers most easy for disposing of the receipts was to set up a "dummy," loan him the money and pocket it tham-selves. Besides this outrageous robbery the officials collected an expense fund

interest-paying business. An Important Question. The attorney general of Illinois proposes

association. The members did not believe that the law

erty. system. Bishop-elect Hall of the Episcopal church will be consecrated at Burlington, Vt., February 2. A chain of missions has been established cross Central Africa from ocean to ocean in eighteen years. In all Africa there are 727 white mission aries, 1,096 native preachers, 776,960 adult native Christians, and 225,000 school chil-dren, a grand total of 1,004,783 Christians.

The publication of the statistics of both the Northern and Southern Presbyterian churches shows that their united strength is 34 synods, 293 presbyteries, 7,780 ministers, 33,888 eiders, 9,044 churches, 1,043,635 com-municants and a total of contributions amounting to \$16,859,891. The venerable Bishop Williams of Connectcut will deliver the sermon on the occa sion of the twenty-fifth anniversary of the consecration of the Right Rev. William Crosswell Doane as bishop of Albany Feb-ruary 2. A feature of the service will be an offertory of \$25,000 for a new chapter house

The People's church of St. Paul has performed the remarkable feat of lifting within the past few weeks, a debt of \$47 750; in addition the church has raised \$17, 295 this year for current expenses. The church has received much financial ald out-side of its own membership, but practically all of this \$47,000 came from within Another elergyman who was drafted dur-

Another elergyman who was drafted dur-ing the late war is reported in the person of the Rev. Warren L. Hayden, who was preaching at the time in Rupert, Vt., but living in Salem, N. Y. He was drafted in Salem, when he went to Troy and paid a commutation, as his society at Rupert would not spare him. Mr. Hayden is now living in Elgin, II, as the paster of a Campbellite society there. society there.

The Protestant churches of Washington are busily engaged in preparations for a series of meetings to be held under the leadership and direction of Mr. Dwight L. Moody, the well known evangelist, assisted by Mr. Sankey, beginning February 7 and ontinuing one month. One feature of the

continuing one month. One reacture of the meetings will be a chorus of 1,500 voices, the membership of which is now nearly com-plete. The work in Washington will be Mr. Moody's last previous to sailing for London. Rev. G. Monroe Royce in the January Forum in attempting to account for the de-cline of the American pulpit says that in 1870 there were 43,000 ordained ministers in the United States, and though this number had increased to 64,000 in 1880, the reports show there were no more trained and educated men in the 64,000 than in the 43,000. This is strange when the number of great institu-tions of learning and the increasing legions of students atlending them is considered.

The Rev. G. B. Cnambers of Lima. O., has demonstrated his ability to remonstrate vigorously and successfully with those who disturb his meetings. A couple of hoodlums made a row at his meeting the other night and he remonstrated with them. He did it and he remonstrated with them. He did it with a poker, and so energetically that one of the men will die. Then he went home, and the other hoodium, with a company of his friends, followed him to continue the discussion. This time Chambers used a shotgan in his argument, and so effectively that he utterly routed his antagonist, who retured in precipitize disorder.

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Having concluded his engagement with Charley Mitchell, Mr. Corbett will appearas Gentleman Jack in Boston Monday night.

ne of these days all the skies will be brighterbrighter; lighter; learts will be happier-souls will be Hearts will by whiter-Some of these days!

Some of these days, in the deserts upspring-Fountains shall flash, while the joy-bells are ringing, And the world-with its sweetest of birds

shall go singing-Some of these days!

Frank L. Stanton in Atlanta Constitution.

Some of these days! Let us bear with our sor-For a construct of the set of the