

Watching Smugglers at Ports Big Task for Uncle Sam

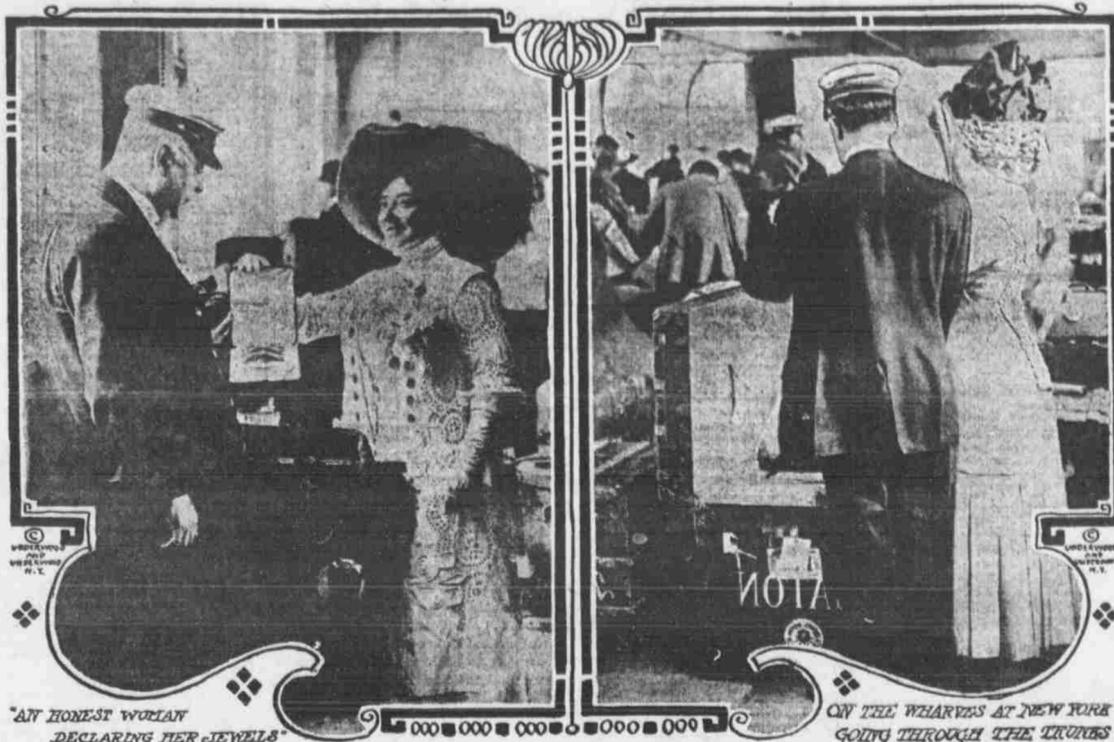
NEW YORK CITY—I had a big jolt a few weeks ago. It was upon landing here in New York after a short trip to Europe. I had been traveling on the continent, and, knowing the strictness of the customs officers, had carefully figured my purchases so that they did not exceed the limit which every traveler is supposed to have free. With head erect and the conscience of an honest citizen, I walked down the gangplank to the dock, expecting to be rushed through all right, but not without trouble. My trunks were gone carefully over, and upon the very purchases I had declared I had to pay over \$40 in duties. Among these was about \$30 worth of "God Bless Our Home" German linens. I mean the tabacochos and napkins with German mottoes embroidered upon them. They were for my own use, and I construed them to be on the free list. The inspector, however, told me that all linen now pays 60 per cent, and that on that little item the sum of \$15 was due. It was the same upon other stuff of a similar nature, and at the customs Uncle Sam got \$40 from me before I dared leave the docks. That was the sum the government collected from one honest passenger's baggage. It came from a recent construction of the law, which has shut out presents and certain special classes of goods. And it had nothing to do with the smuggling, which, in the past, has cost Uncle Sam millions.

The Passing of the Smuggler. Indeed, the well-to-do, respectable tourist smuggler is fast passing away. Collector Loeb has him and her on the run, and a righteous fear has soaked into the souls of the hundreds of thousands who annually travel in Europe. As I stood on the wharf it seemed to me that the baggage of the individual passenger had perceptibly shrunk. Men whom I have known to bring back fourteen or fifteen trunks are now content with one little steamer and a hat box, perhaps, while the average woman had but little more.

All the way over from Europe to New York the chief conversation on board was as to the customs officials, and the horror was in which they went through your baggage. I observed them go through other trunks. The work was rigidly done, and, as a rule, without trouble to those who had made an honest statement of just what they had in their baggage. Some few fared badly, and among these were two young ladies, who had sewed the well-worn labels of New York dressmakers inside their new Paris dresses, and were trying to get them in free.

One short woman with a bulbous bottom was found to be padded with lace, and another, for whom the inspectors had been told to watch out, was taken off to a private room and searched from her crown to her toes.

In such cases Uncle Sam has the right to strip any of his nephews and nieces to the bare skin, and this is sometimes done when occasion demands. Pearl necklaces have been found in the hair and a diamond was once discovered under the little toe on the left foot of a lady, while some valuable rubies were recently smuggled into New York under a porous plaster on the back of a man. In this latter case the spies of the Treasury department had sent a warning to the inspectors, and when this traveler—he was an Austrian—landed a dozen red stones were found in his cravat. They were tested and it was discovered that they were not real rubies.



"AN HONEST WOMAN DECLARING HER JEWELS"

"ON THE WHARVES AT NEW YORK GOING THROUGH THE TRUNKS"

The man was therefore let go, and a cable to that effect sent to Europe. The spies cabled back that he be examined again, and he was searched at the hotel. The porous plaster had disappeared, but a dozen little holes in the skin showed where the rubies had lain.

Big Fines for Big Men. I came to New York this week to investigate what Uncle Sam, patriarch, has really done in increasing our custom house revenues. I have visited the wharves and have watched the big steamers come in. I have also spent some time at the custom house where the collector of customs, William Loeb, Jr., had had every source of information thrown open to me. With other things he has given me a typewritten list of the criminal prosecutions which have been made by his office in the last two or three years. This has the names of scores who have gone through the courts and have been fined all sorts of amounts from \$1 to \$5,000. The total of the fines alone up to November 1 was a little over \$300,000, and this is a bagatelle in comparison with the amounts which have been collected through undervaluations and on merchandise, to which I refer farther on. These fines are almost altogether from people who have tried to sneak things through in their baggage from the steamers. The offenders are of all classes from New York milliners and dressmakers to

some of the richest and most prominent of the land. One is the wife of a former governor of New England, and another that of a prominent politician of West Virginia. Each of these ladies tried to smuggle in jewelry and each was fined \$5,000.

They Object to Duties. With others are the wives of trust magnates whose millions have come from the tariff protection of the things their husbands manufacture. One such case was as to a pearl necklace and other jewels brought in by the wife of a millionaire making agricultural machinery. This was the Adriance affair of which something has appeared in the newspapers. The madame was fined \$5,000 and the goods she attempted to smuggle were forfeited. Upon this her husband denounced the government for persecuting travelers who sought to bring in "a few petty things free." As I remember it, among the "petty things" in this case were some pearls valued at \$15,000, which the lady had hidden in the folds of her straw hat. The millionaire's remark was reported to Mr. Loeb, whereupon Loeb said that Mr. Adriance had made a big fortune out of the duties which the United States imposed upon such machinery as he manufactured, but that when it came to his paying any duty himself he objected.

A somewhat similar case of a trust for-

ture falling to pay duties was that connected with the Leeds necklace. This case came up shortly before Collector Loeb got his appointment. W. B. Leeds, one of the millionaires of the tin plate trust, had gone to Paris to live, and while there Mrs. Leeds had bought a famous necklace at a cost of \$50,000. She wore the necklace in Paris, but a part of her bargain was that it was to be delivered to her in Newport without duty within a certain time, if she so desired. In order to escape paying some of the duty the syndicate took the necklace apart and shipped it in as loose pearls, in which shape it was invoiced at \$20,000. The tariff upon loose pearls is 10 per cent, and, as I understand it, at that rate the necklace was passed.

In the meantime, however, the special customs spies at Paris cabled New York that the necklace had been worn by Mrs. Leeds before it was shipped and that it should therefore pay duty as a necklace. Upon this the matter was again taken up and the duty raised to \$12,000 or \$13,000 more than the original sum. To this the importers objected, and the court then fixed the duty at the loose pearl rate of \$2,000. This decision was appealed from, and, as I understand it, the case has gone to the United States supreme court and it has adjudged that it must be reconsidered.

In the past much of the petty smuggling

has been done by dressmakers and tailors. It used to be customary for English tailors to take orders in New York and make clothes to measure, agreeing to deliver them to the customers free of duty. Dressmakers' sample gowns were brought in as personal effects, and orders for gowns made in Paris were taken the same way. This was a regular business. Only last January twenty-seven dress makers were fined from \$500 to \$3,000 for being implicated in it, and one of the great surprises springing from the present administration was when it began to prosecute women of this class. One of the first cases mentioned in the list given me by Collector Loeb is that of Elizabeth Kilgannon, who had to pay \$5,000. Mrs. Kilgannon and her husband and a man named White were partners in smuggling. Mrs. Kilgannon was known as Mine. Lerat, a milliner, and her husband and White were classed as silk importers. Others were implicated in the transaction, and when the suit was brought it is said that the lawyers offered to pay more than \$20,000 if the government would drop the matter. That, however, is not the way Uncle Sam is doing business. The smugglers were arrested. Mrs. Kilgannon was fined \$5,000 and her husband was sent to prison on Blackwells Island for a year. White was given two years and went to the federal prison at Atlanta.

But I might fill a page of this news-

paper with the stories of smugglers who have been fined and with those who have come forward upon being caught and have compromised by paying the duties. Take the wife of a millionaire ship owner of Boston, who tried to sneak in a year's necklace via Canada. The necklace was valued at \$25,000 and she paid \$5,000 fine. Ex-Governor Hollis paid \$2,000 and Jules and Hugo Rosenberg gave back to Uncle Sam \$5,000 each. The wife of a former head of the Panama canal work made an underdeclaration of the stuff she brought in, and her husband coughed up \$10,000 to settle the trouble. A prominent woman of Wisconsin had \$1,000 in jewelry in her baggage. It was all new and she did not declare it. She was compelled to pay \$100 fine and forfeit the goods.

With the other seizures made was one of two 42-karat diamonds, which belonged to the Princess Montygen. She claimed they had been in the family for years, and were not subject to duty. Another was thirty trunks of Paris finery, which was valued at \$3,000, and a third was one of several trunks which contained \$30,000 more.

The Steeper Trunk Frauds. This steeper-trunk game is one which was worked very largely before the advent of Collector Loeb. It consisted of leaving trunks on the dock and of sneaking them off after the inspectors and other custom officials had left. Some of the custom officials were in this conspiracy to defraud, but when Mr. Loeb came in he appointed a new set of watchmen and reorganized the old force. He now has the docks under inspection day and night, and any one attempting to take away a trunk unobserved is arrested. The business has been probed to the bottom and one of the chief sources of smuggling stopped.

Another means of passing the customs was by sponging off and changing the labels, and others got goods through by bribing the officials. Not many years ago I am told that one could lay a \$10, a \$5 or even a \$20 bill on the tray of his trunk and the inspector who examined it thought nothing of putting the bill in his pocket and closing the lid. Even now checks are sometimes sent to the inspectors by passengers who have been well treated, but such checks are invariably turned in to the collector, for if the man did not and it was discovered he would surely be dismissed.

Our Big Customs Business. Let us here stop a moment while I tell you how big the customs receipts bulk in the treasury of the United States government. I have been looking up the figures and find that last year they amounted to more than 350 millions of dollars. That was more than \$1,000,000 for every working day of that year. Indeed, the customs is the biggest gold mine that Uncle Sam has, and ever since the beginning he has relied upon it to pay his employees. The total amount so far received since 1789 has been something like \$11,000,000,000, and this is equal to more than one-half of all the taxes which have ever been collected for the national government. In this statement I include the internal revenue and all sorts of direct taxes.

Collector Loeb tells me that 70 per cent of these customs receipts are now coming into New York, and that this port in its tariff duties is now paying about 40 per cent of the working expenses of the government. From this it will be seen how important it is that we have an honest man at the head of it, and that that honest man have the nerve and ability

to collect what is really due to our own Uncle Sam. I believe this to be the case with Collector Loeb. He is running the customs as a business institution and his only requirements of his employees are efficiency and honesty.

The Collector and His Job. During my talk with the collector today I asked him as to his work. He replied:

"All I have attempted to do is to take this place out of politics and administer it on the plane of honesty, good government and in accordance with the laws. I did not make the laws. I am here only to enforce them."

These are remarkable statements from a man who holds an office which in the past has been one of the chief political plums of the president. It has been one of the best paying offices under the government, and the one most fought for. When Garfield became president it was the appointment of the New York collector of customs which caused the break between him and Conkling, and it was that which drove Conkling from public life, and which indirectly caused the assassination of Garfield by the villain, Guitzen.

Twelve Thousand vs. a Million. The collector of customs now receives a fixed salary. He gets \$1,000 a month, or, as a whole, \$12,000 a year. In the past he was paid a commission of 15 per cent upon all compromises and fines for under-valuations. Since Mr. Loeb took office the amounts collected of this nature have footed up more than \$7,000,000, and at the old rate his commission therefore would amount to more than \$1,050,000.

This represents a wonderful increase, and also the detection of many frauds that have been going on for years. One was that of the sugar trust, where, in round numbers, about \$2,900,000 worth of duties were collected, and for which 500 of the investigators received a fee of \$10,000 from the government for his exposure of the frauds and the detection of the criminals. The story of that fee was published and since then, Mr. Loeb tells me, many people have sent in information as to other frauds, hoping to be paid for aiding the government in that way. The total fines and penalties for fifteen years preceding Loeb's appointment averaged only \$1,000 per year.

The Custom House Spies. I asked him whether the purchases of American travelers in Europe had fallen off in consequence of the rigid collection of duties. He said:

"I have no figures or statistics relating to that matter, but from many of the leading merchants of Europe who have been accustomed to sell to American travelers I understand that their business has fallen off enormously, and that some of them have really been closed up from the decrease in such purchases. The probability is that an enormous amount of goods which was formerly bought abroad is now bought at home. We know that the purchases are surely much less than they were and we also know that the duties paid are very much greater. In 1907 the number of passengers who came in from Europe was a little over 200,000, and the duties collected were, in round numbers, \$68,000. In 1909 the passengers were only a few thousand more, but the duties collected were more than doubled, and in 1910, with a passenger list of about 200,000, the duties were more than \$1,700,000. This year they will probably run over \$2,000,000."

FRANK O. CARPENTER.

Our Business Calendar Set Ahead

Insofar as time affects prices, beginning Monday morning, the prevailing prices in our Piano Department will prove to you that two weeks ahead of time we are starting the greatest quality-giving, money-saving piano sale in the history of the piano business. We expect a successful sale, and if expectations are realized our



Pre-Christmas Piano Sale

will be an annual event that all Nebraska will look forward to. We always sell higher-grade pianos for less money than other Nebraska houses, and during our Pre-Christmas Piano Clearing Sale, by calling at our piano rooms, you will find that never in history have such



High Quality, Low Prices and Easy Terms

been offered. We have about three hundred pianos to dispose of between now and Christmas Eve; AND WE ARE GOING TO SELL THEM in the time stated; if price is any consideration you should buy during this sale; if the matter of payments has been causing you to delay, we assure you that we are in a position to make them so easy as not to worry you longer. Accept this invitation. Call Monday morning. The first come will have a selection from the grandest assortment of beautiful high-grade standard pianos, at an actual saving (when compared with the prices asked on like qualities at other stores) of from thirty-three and one-third to sixty-five per cent, which means a price reduction, and a saving to you, ranging from \$60.00 to \$225.00.

CAREFULLY READ OVER THIS LIST OF PRICES. THEN COME AND INVESTIGATE THE WONDERFUL BARGAIN OPPORTUNITIES THAT ARE PRESENTED TO CHRISTMAS BUYERS DURING THIS THE GREATEST OF PRE-CHRISTMAS PIANO CLEARING SALES.

- 1 large, handsomely carved mahogany—Regular price \$750, Christmas sale price **\$375**
- 1 handsomely carved mahogany—Regular price \$725, Christmas sale price **\$365**
- 1 beautiful art style figured mahogany—Regular price \$350, Christmas sale price **\$250**
- 1 art style mahogany—Regular price \$335, Christmas sale price **\$245**
- 2 large colonial styles in beautiful walnut—Regular price \$450, Christmas sale price **\$325**
- 2 large colonial style in mahogany—Regular price \$450, Christmas sale price **\$325**
- 1 mission art style in fancy mahogany—Regular price \$400, Christmas sale price **\$280**
- 1 art style in fancy mahogany—Regular price \$375, Christmas sale price **\$275**
- 3 handsomely carved mahogany—Regular price \$350, Christmas sale price **\$250**

- 1 beautiful colonial style in golden oak—Regular price \$300, Christmas sale price **\$225**
- 1 Corinthian design in beautiful mahogany—Regular price \$365, Christmas sale price **\$285**
- 1 Corinthian design in mahogany—Regular price \$350, Christmas sale price **\$275**
- 2 semi-colonial in mahogany—Regular price \$300, Christmas sale price **\$225**
- 1 small mahogany colonial design—Regular price \$500, Christmas sale price **\$400**
- 1 massive colonial design in flemish oak—Regular price \$300, Christmas sale price **\$200**
- 1 plain colonial in circassian walnut—Regular price \$400, Christmas sale price **\$300**

- 1 medium size plain mahogany—Regular price \$300, Christmas sale price **\$200**
- 2 plain oak cases—Regular price \$300, Christmas sale price **\$200**
- 1 art style in burl walnut—Regular price \$350, Christmas sale price **\$250**
- 1 art style in figured mahogany—Regular price \$350, Christmas sale price **\$250**
- 2 Louis IX in nice mahogany—Regular price \$350, Christmas sale price **\$250**
- 1 colonial design in English oak—Regular price \$300, Christmas sale price **\$200**
- 1 small size colonial design mahogany—Regular price \$300, Christmas sale price **\$200**

Every Piano Shall Go!

In order that our floors may be entirely cleared by Christmas night we have made arrangements to deliver pianos anywhere in Omaha, South Omaha and Council Bluffs, if necessary, as late as six o'clock Christmas night. We have made these arrangements because we feel certain that every visitor to our warerooms will become a purchaser. If the greatest piano bargain will make you buy a piano, you will here find the inducement.

To obtain a real piano bargain you must first receive piano quality; second, you must receive the best of piano quality at a very low price; third, you must receive the best piano quality at a very low price and on terms that are suitable to your income. This is the description of the piano bargains we offer in our pre-Christmas piano clearance sale.

Hayden Brothers