How Bankers Detect Forgeries

From the New York Herald.

BY means of a secret code just being put to use by members of the American Bankers' association it is expected that many thousands of dollars will be saved to the banks. Without danger of the fact becoming known that a forger is under suspicion the secret code will enable the most remote country bank to place itself at once in communication with headquarters, and almost while the suspect is being detained on an excuse that as a mere matter of form his paper is being looked into the information may be obtained which will save the bank from loss and land the swindler behind the bars.

This private code is the result of months of labor on the part of Colonel James B. Branch, secretary of the American Bankers' association of New York.

"It will not only save great expense in the transmitting of messages," he explained, "but it will make a certainty that no outsider with much to gain from the possession of such knowledge can learn the contents of telegrams thus sent. Even if a swindler by some means obtains possession of one of the codebooks he would not be able to use it. There is a series of key words on a separate sheet designating the day of the week on which the message is sent, without which it can at once be detected that something is wrong. These key words are so arranged that no mere ingenuity can solve them, and in order to be put to use by a swindler practically the entire force of a bank would have to be in collusion with him.

"Employes of telegraph companies, while almost invariably above suspicion, are only human and can be bribed. Wire-tapping is not unusual and there are other means of learning the contents of ordinary telegrams. But by the use of the code this danger is entirely obviated, and it is safe to assume that many a bank thief will find it out to his cost.

"Here is an example of what I mean. I am not using the exact code words, but the illustration is equally good: Gambrinus John Doe Gone!' would mean by consulting the code, 'We are in receipt of telegram today purporting to be from you requesting us to pay certain funds to John Doe. We regret to advise you that under our established rules touching matters of this nature we must decline to serve you.'

"As an example to the use to which the code may be put in detecting a swindler is this, from the code: 'Dapples John Doe Trace.' By consulting the code these four words are found to mean: 'Wire us concerning standing, character and responsibility of John Doe of your city. We will appreciate the information and hold it in strict confidence.'"

More than $50,000 is spent every year by the American Bankers' association in running down burglars and other criminals who have robbed members of the association. This amount is half as large as the total loss to the banks through swindlers, but because of the effect on the criminal classes in restraining them from attacking banks which are members of the association the money is considered well spent.

As an example of the practical work of the American Bankers' association, Colonel Branch cited the case of George Collins, alias Fred Lewis, who, with William Rudolph, robbed the Bank of Union, Missouri, December 27, 1902. They subsequently murdered Detective Charles J. Schumacher. Collins was hanged in the jailyard at Union. An hour after Collins was hanged Rudolph was also convicted of murder in the first degree at Union, Missouri. Judge W. A. Davidson promptly sentenced him to be hanged. Schumacher was murdered as he, with a posse, was attempting to arrest Rudolph and Collins at Rudolph's home, near Stanton, Missouri, for the burglary of the Bank of Union, a member of the American Bankers' association, for which the investigation was being conducted.

After murdering Schumacher Rudolph and Collins escaped, but were subsequently located and arrested by representatives of the American Bankers' association at Hartford, Connecticut, March 1, 1903, at which time $8,600 stolen from the Bank of Union was recovered.

On arrival in Missouri both prisoners were confined in the St. Louis Four Courts prison for safe keeping, from which Rudolph escaped on July 7, 1903. He was subsequently located by a representative in the Lansing, Kan., penitentiary and returned to Union, Mo., for trial. The investigation of the burglary of the Bank of Union was one of the most successful ever undertaken by the American Bankers' association the burglary, trial and execution of the burglars all occurring within a radius of 100 square miles of Union, Mo.

Few persons realize the magnitude of the Bankers' association. When Colonel Branch became its secretary, in 1895, when it was just of age, it had a membership of 1,711, with aggregate annual dues of $14,145. The membership is now 7,600, with dues of $130,000, and representing banks having a total capital and surplus of more than $11,000,000,000.

"The most common methods of bank swindling by forgery," said Colonel Branch, "are by draft-raising or altering, by forging a signature or the indorsement of the depositor or payee or by gaining the confidence of the bank officials and obtaining money on drafts, checks or notes utterly worthless.

"Draft-raising is operated as follows: A purchases from a country bank drafts for small amounts, $3, $4 or $5, which he delivers to B, commonly known as the go-between or middle man, who gives them to C, the forger, who, partly erasing the ink line after the amount on a small draft, inserts the word 'thousand,' altering the figures in the same way and returns it to B, who delivers it to D, a presenter. D, by false pretense, obtains an introduction at a bank early in the month, informs the officials that he was a resident of the section where the drafts were issued and that he wishes to transfer his bank account. If he is accepted as a customer he deposits the raised drafts, the alterations in which are usually not detected by the bank drawn on.

"In a few days the middleman appears with one or two small checks drawn by D for certification, to determine if there is any suspicion. If the forgery is not discovered by the bank drawn on the forgers have a month in which to operate before the issuing bank receives the draft and discovers the fraud. Meanwhile D gradually withdraws by checks cash representing the amount deposited.

"A swindler usually encounters little difficulty in obtaining a letter of introduction to a bank if the introducer, through a proposed business transaction, anticipates some benefit in giving it. The introducer should be required to indorse any drafts deposited by new customers, thereby assuming all responsibility, and satisfactory reference should be required of a new depositor, which, if carefully investigated before any checking is permitted, will prevent frauds of this kind. A forgery band of this kind when successful divides its profits about as follows: Forger, 30 per cent; presenter, 30 per cent; middleman and purchaser, 20 per cent each.

"One of the common methods of bank swindling is by the forged signature of a depositor to 'bearer' checks, or the forged signature and indorsement to a check payable to some fictitious name. These forgers learn where a business man has a bank account, obtain by a letter of inquiry necessitating a reply or through dishonest employes canceled checks of a bank depositor, which are used as models to copy from. On a blank check of the bank to be defrauded are carefully imitated the filling and signature of a genuine check, made payable to 'bearer,' or to some fictitious name, which is written as an indorsement, underneath which is forged the indorsement of depositor certifying to the genuineness of indorsement of the payee.

"Such forged checks are usually presented for payment at a busy time when there are a number of customers in line at the paying teller's window. Paying on checks with the indorsement apparently certified to by a depositor is a very risky transaction. Sometimes if the signature is questioned the presenter of a forged checks will request the teller to communicate with the drawee by telephone, giving a number where a confederate of the presenter is stationed, who replies that the check offered is genuine. Personal identification, if insisted upon in these cases, will prevent fraud.

"Forgers also operate by stealing from street letter boxes a quantity of mail deposited for despatch, abstracting from letters such checks as have been mailed, erasing with acids the name of the payee, and inserting instead the word 'bearer,' or by forging the indorsement of the payee and reproducing the depositor's signature as a guarantee of the payee's indorsement, presenting such altered check at a bank soon after the bank is opened. Similar methods are employed by forgers with letters stolen early in the morning immediately after the first delivery from the hall letter boxes from firms in wholesale districts."

"Money is frequently collected from banks on spurious drafts or checks through the introduction of a depositor whose indorsement should always be obtained, who, upon doing so, accepts the responsibility of vouching for the person introduced. All kinds of pretexts are used to invegle banks into honoring fraudulent paper, but with little or no success now through the care exercised by their employes.

"The tracing of and apprehension of the forger is a most interesting study. The association's detective agents classify photographs of forgers and group their handwriting, so that careful studies of these lines readily develop the origin of forgeries. On examining a forgery the detective, first by comparison, determines if it was traced from a genuine signature or copied by freehand methods. Tracing is a process of actual reproductions, the forger copying the signature on transparent paper, and transferring it to the paper to be forged, and is most readily detected, as the carbon or pencil used is sometimes noticeable under the ink. Free-hand forgery is a studied copy and, if skillfully executed, is quite difficult to detect, sometimes deceiving the writer of a genuine signature whose writing has been imitated.

"The forger leaves behind him documentary evidence of his work which usually shows the earmarks of a professional. One forger or forger band uses one system and pretext, another a distinctly different one. The handwriting of forger and presenter offers a good opportunity of detection by comparison with similar forgeries recorded; the presenter's description, in most cases obtainable, is carefully studied and can many times be associated with some professional forger or middleman. The introducer, paying-teller or any others who transact business with the presenter are shown by the association's detective photographs of suspects, from among which the presenter is identified.

"Investigation usually results in his being located, and he is watched, resulting in locating the forger and middleman. The bank from which the small drafts are purchased also furnish us a possible clue to the band by describing and identifying a photograph of the purchaser, who is also watched, and who meets the middleman and presenter, and possibly the forger. The purchaser and presenter are not difficult to convict when collusion can be shown, but conviction of the middleman and forger requires considerable effort. All known members of a forgery band are arrested simultaneously, a confession in most cases being obtainable from presenter or purchaser implicating the middleman and forger. The detectives often find in the forger's rooms the paraphernalia used in committing forgeries, which also materially aid in his conviction."

Senate Committee Changes.

Washington Cor. New York Sun.

A reorganization of the committees of the senate may be accomplished at the extra session in November, but it is generally believed that the matter will be postponed until the regular session in December.

Dath and retirement have caused a number of vacancies at the heads of important committees. The deaths of Senator Hoar of Massachusetts and Senator Platt of Connecticut, both within the year, have made it possible for a far western man to go to the chairmanship of the judiciary committee, which has belonged to the east for more than a decade. Senator Clark of Wyoming is in line for this chairmanship.

The death of Senator Hawley creates a vacancy at the head of the committee on military affairs. Senator Warren of Wyoming is likely to succeed to the military affairs or agricultural committee chairmanship. Senator Proctor and Senator Scott are striving for the chairmanship of public buildings and grounds, made vacant by Mr. Fairbanks' election to the vice-presidency. Senator Warren is in line for this vacancy, but prefers either agriculture or military affairs. Senator Fulton of Oregon is likely to succeed Warren at the head of claims.

Other vacancies occurring in chairmanships are census, held by Senator Quarles, now United States circuit judge; education and labor, held by McComas, now on the District of Columbia bench; forest reservations, held by Burton of Kansas; geological survey, held by Foster of Washington; Indian affairs, held by Stewart; inter-oceanic canals held by Mitchell of Oregon, to which Senator Platt of New York will probably succeed; irrigation and reclamation of arid lands, held by Bard of California, and the select committees of which Bate of Tennessee, deceased, Dietrich and Kearns, were chairmen. The reorganization will necessarily be sweeping.

To Base Historic House.

From the New York Herald.

Pettit's hotel, Jamaica, one of the famous hotels on Long Island, which has numbered among its patrons George Washington and Theodore Roosevelt, has been sold to a syndicate, which will erect on the site a modern hotel.

When Pettit's hotel was erected, 167 years ago, it stood on a country road, and was used as a stopping place for travelers going out on Long Island. George Washington visited the place and thousands of persons have been shown the now disused pump which tradition asserts was used by the first president to pump water for a drink and to wash his hands.

The sale of the old hotel illustrates the advance in the value of Long Island real estate during the last few years. In 1892 Cord Meyer bought the property from the Remsen estate for $35,500. He leased it to Charles Richter, the present proprietor, who, in 1903, purchased it for $75,000. The same year Mr. Richter sold a half interest for $40,500, and now, two years later, it has been purchased by William Seleover, representing a syndicate, for $125,000.

Miss [illegible] Lecturing for News From the Explorer in the Frozen North.

CRADLED IN ARMS OF BLACKHAWK

Mrs. Ella McPherson's Years Have Been Full of Interest and Excitement.

WAS FIRST WHITE BORN IN THE STATE OF IOWA

Played With the Indian Children, Saw the Magnificent Temple of Nauvoo in Flames, and Says Her Days Were Sober Gray.

"Born, christened, grew up, went to school, married and kept house."

That would sum up the life history of many, many people who still talk on about themselves and their deeds and actually think there has been incident and variety in their lives. The variety lies only in the fact that some were not christened, or forgot to get married.

Mrs. Ella McPherson of Arleta says that her life has been uneventful and contains few incidents of interest to any one. A modest soul, indeed! She has seen the horrors of a real Indian war with her father; she has known the realities of the civil war through her brother; she knew the ways and speech of the Indians and made them her playmates before she had seen a white child; she has been cradled in the arms of the mighty Chief Blackhawk, and lives to tell it! And yet she hesitates to tell of her life because it is uninteresting to others!

Mrs. McPherson was the daughter of Dr. Isaac Galland, army surgeon. He went to Iowa as a physician and agent among the Indians and soon became their friend. When the fierce Blackhawk war broke out, and the Indians were on the warpath, their chief sent runners to the medicine man who was the red man's friend, and warned him to flee to the fort. His family was saved from the massacre.

First White Born in Iowa.

Mrs. McPherson was the first white born in the state of Iowa. She was born on the site of the present town of Galland, so called in honor of her father, which was then a small Indian village called Awypituck. She felt as much at home among the Indians as among the whites, and played with them throughout her childhood.

Mrs. McPherson possesses many relics of these old days, all of which she prizes highly; but most precious of all to her is a blanket—a real Indian blanket, given her by Chief Blackhawk. She was only five months old and was going somewhere with her father and mother when he met them.

"The little white blossom will get cold," he said in his picturesque Indian fashion, and carefully wrapped the child in the gay-colored robe with his own hands. And the father proudly translated the words to his daughter when she grew older, and now she laughs as she tells of it, and modestly asks if you would suspect it now.

"I could not laugh," she said, "when I saw the Indian wardance at the fair the other day. Many laughed and smiled; but even if they were civilized Indians I could only think of the horrors for which such dances stood. They had never seen 1,000 Indians, all mad as wild animals and ready for war. And yet I love the Indians, and sympathize with them, for I have known them well, and know what they have lost: And they have been good friends to their friends."

Traveled Far and Wide.

This woman has had many homes in her 75 years. Leaving Awypituck she next lived in Commerce, a small town in Illinois across the river from her Iowa home; then in St. Louis; next in Fort Madison, and later in all parts of the south, with which she was a sympathizer during the war. Her father, however, was a Union man in his sympathies before his death a few years before the war came, and her brother organized a company of his own in Illinois and went through the war as Captain Washington Galland.

In Commerce Dr. Galland built a two-story stone house, where this daughter of his lived until she was six years old. This home was sold to Joseph Smith, the Mormon leader, and there the Mormon faith grew and prospered. The city of Nauvoo was founded near that spot, and on the summit of the hill rising from the slope on which stood the old stone house the beautiful Nauvoo temple was built.

"A party of us," Mrs. McPherson said, "was on board a steamboat of which my husband was captain, and we were going to visit the temple, which was one of the most beautiful structures in the country. It was seven stories high, all of the most beautiful stone, and on every block of stone was carved a symbolic figure. Expert workmen had been brought from Italy to help make this work of beauty. But when the Mormons were run out of Illinois they said no Gentile should own and desecrate their lovely church.

The Destruction of the Temple.

"We stopped for the night on the opposite side of the river immediately across from the hill with its temple, and at midnight the captain came and awakened us and told us that the temple was ablaze. I have never seen a grander sight. Our stone house was at the foot of the hill, and a graceful slope of green rolled up to the temple. It was as light as day but there was not a human being in sight. The blaze seemed to go straight to heaven, for there was not a breath of air stirring. We watched all night and in the morning only the walls were left to tell of the magnificent beauty that had been there."

Mrs. McPherson has been in Portland only two months, but has already had a little home built and will remain. All but one of her children are here. Only four remain out of the 12. One thing she desires more than anything else—that is that some one would write a complete history of her father's life.

"His was an eventful one—he had enough experiences of unique character to fill half a dozen books. Mine has been very commonplace, and is of interest to no one."

And yet she can tell stories of her childhood that would make your hair stand on end, and would make you gasp and wonder if you were listening to a story from the Arabian Nights.

A sign of good signs. Foster & Kleiser, phone Ex. 33.

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Today and Labor Day Continuous Performance 2:30 to 10:45 p.m.
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