

PORTLAND, OREGON, SUNDAY MORNING, AUGUST 1, 1909

THIS SUMMER'S WAR ON THE WILY SMUGGLER

Redoubled Efforts of Officials That Have Led to Surprising Results



William Loeb Jr., Collector of Customs at New York.

SAID an attorney in the New York courts recently:

"Ninety-five per cent. of women do not consider smuggling a crime. To them it involves no moral reprobation."

Said Judge Weay, in answer, as he fined Mrs. William Kilgannon \$5000:

"It is time that women, especially, come to an understanding of the fact that revenue laws, as enacted, make smuggling a crime, and that as they are framed to protect working people, smuggling is indirect larceny."

Something akin to the latter sentiment infected William Loeb, Jr., when he "got on the job" as collector of the port of New York. As the right-hand bower of former President Roosevelt the young man represents, above all other things, plain, downright, old-fashioned honesty.

He began to enforce honesty. He is making those under him be good. He is making the general public be good.

Result: An increase of \$12,000,000 in the receipts of the port for the fiscal year ending June 30, 1909.

Another result: His crusade against dishonesty, as represented by smuggling, has extended to all the Atlantic ports. Now, as never before, the big importers and the incoming tourists are being shadowed by the sharpest of sleuths. All inspectors have suddenly become eagle-eyed.

SINCE the Sugar Trust has been forced to disgorge more than \$2,000,000, and several men have been sent to prison for sneaking in dress goods, it has become evident that the "big fellows" must be as good as the little ones.

More than this, the severe shakings-up that have attended Collector Loeb's reorganization of the New York customs service have shown the customs employees that no derelictions of duty will be tolerated.

Other cities have not been slow to fall in line. None cares to incur such exposures as have attended New York's housecleaning. So the business men who profited by weighing frauds or false consular invoices, as well as the numerous women who virtually got summer trips to Europe for nothing by saving the duty on the winter gowns they smuggled in, have suddenly awakened to the fact that their grafts are gone.

SCARED TO DEATH

Indeed, so scared are the evaders of revenue that there is probably less smuggling going on now than at any time since there was a tariff.

Such gigantic frauds as were charged to the Sugar Trust will be prevented by the introduction of a new electric weighing scale, Mr. Loeb said recently.

Government experts declare the accepted design absolutely prevents fraud. Not only this, but it registers each operation in the office of the collector of the port. Weighers are virtually under his eye all the time.

Of this scale much is expected. For it is not the myriad of small smugglers that cheat the government out of the most millions. The big importers of merchandise and raw materials are the most serious offenders, and their peculations make the little fry—the hosts of tourists who sneak in curios, dress goods and jewels—seem cheap by comparison.

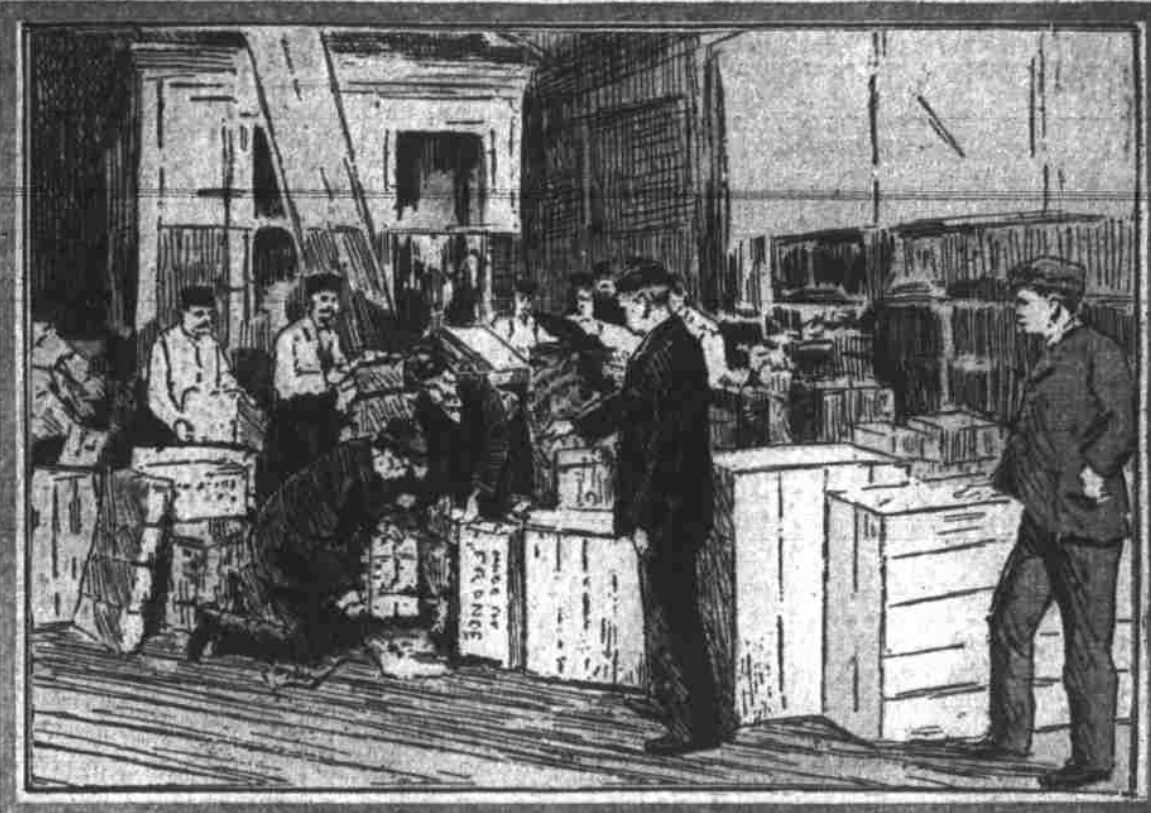
So, with electricity enforcing honesty, the

customs officials are hopeful that the new fiscal year, with its great revival of trade, will show still more substantial gains in the tariff receipts.

Supplementing the work of the new electric scale, there will be stricter supervision of consular invoices, both in this country and abroad.

Heretofore these invoices have been fruitful sources of fraud. Frequently the valuation of the goods themselves has been double that of the invoice. At other times double the amount of merchandise given in the invoice would be shipped in.

"Compared with the frauds through false weighing and lax inspection of invoices, the smuggling of the ordinary tourists is trivial," Mr. Loeb said recently. "When I assumed charge of the port of New York I determined to enforce honesty and place the service here on a business basis. I have removed and am removing all dishonest and incompetent employees as fast as I discover them."



Taking a Look at Express Packages.

test importers' frauds and prevent dishonesty in the service.

Abolished the practice of receiving secret settlements where frauds were detected. Stopped weighing frauds in big imports and other merchandise in Brooklyn.

Whooped up the receipts of the port from \$189,855,886.37 in 1908 to \$198,200,061.03 in 1909 (fiscal year ending June 30). Part of this increase of \$12,000,000 is due to reviving trade and fear of higher tariffs to come, but a substantial part is also due, the collector believes, to the prevention of fraud.

Where the exposures already begun will end none can tell—save, perhaps, the smugglers themselves.

That well-organized and long-established combines have been systematically defrauding the government is well known. The two men already behind prison bars had been engaged in the nefarious business, with seeming safety, for an indefinite period, and their arrest and conviction were but a forerunner of what is to come.

That Mr. Loeb would make himself felt in his new position was expected. But that he would prove such a thunderbolt was something of a surprise even to his best friends.

A RARE THRILL

Rarely has the nation received such a thrill as when the Sugar Trust disgorged that \$2,134,000 fine. True, that was not as big as the Standard Oil fine. But it was real money. And it came from the "big fellows."

They are not given to needless disgorging. They only disgorged this time because young Mr. Loeb had "the goods" on them.

Much pain as that parting with two millions entailed, it came without fuss or flurry. The sugar octopus, fat with prosperity and defiant from long years of immunity, at last felt a strong hand on its own throat.

The sensation was so unpleasant that it gave up those two millions to breathe freely again.

All this came through the enforcement of rigid honesty. Mr. Loeb happens to be one of those more or less old-fashioned persons who can see no difference between a rich crook and a poor one.

He goes after both with equal celerity, and he thinks all his men should do the same. When they don't the axe falls. That tells the story.

Personally, the collector is all that his policies might indicate. He is bright and agreeable. For a man associated for so many years with the preceding President he uses "the personal pronoun" a great deal less often than might be expected.

EARNEST AND SINCERE

His earnestness and sincerity are always evident. But the attributes of both snob and fanatic are utterly lacking. In fact, were his name unknown, a casual observer would probably see in him a good type of an alert, aggressive, agreeable young business man.

With Mr. Loeb's work in New York other collectors are heartily in sympathy. For one thing, the fear that has fallen upon the law-breakers will do much to simplify their work in future.

Wily as the smugglers have been, their game is up. With the increased risks of detection and prosecution or confiscation, they don't care to take risks with valuable goods.

"There is probably less smuggling going on now than for years past," recently said George Barton, secretary to Collector Hill, of the port of Philadelphia. "In fact, I might almost say that there is no smuggling at all to speak of."

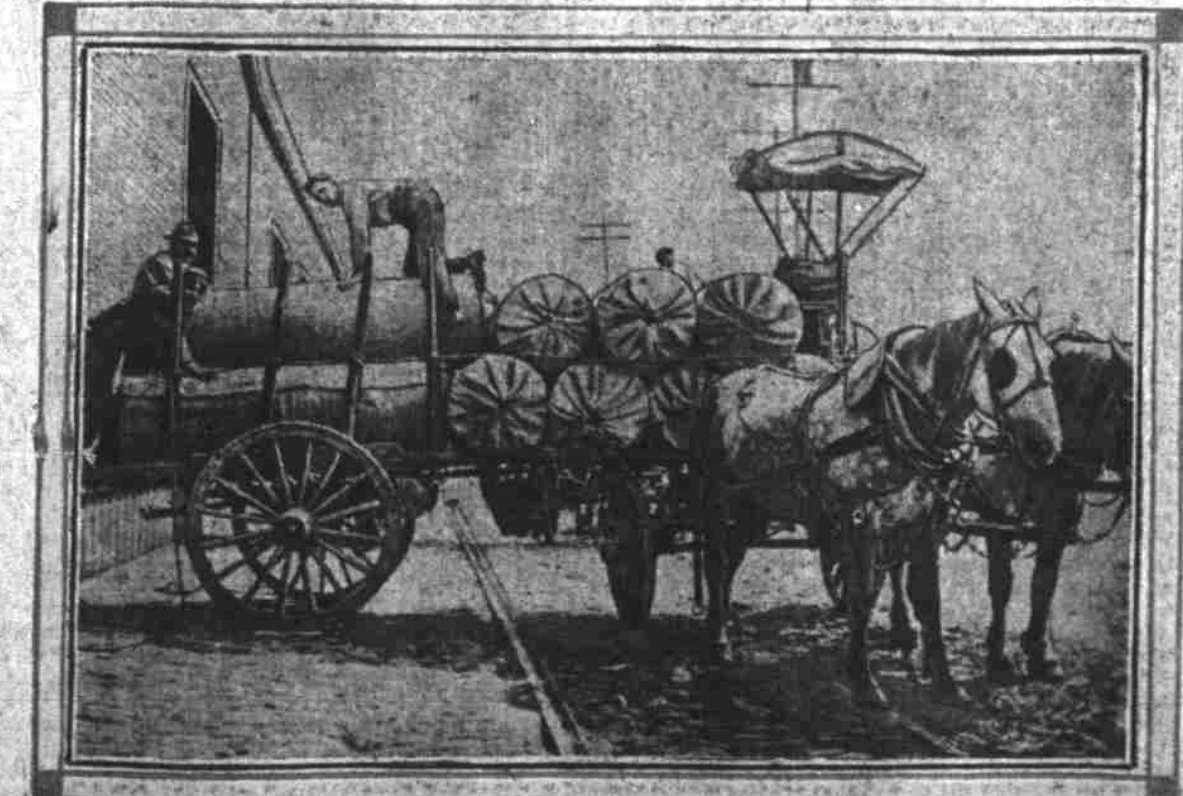
"Of course, we have to be continually on the alert. But at present I think there are few shippers who would care to take the necessary risks."

Other seaports make similar reports. The citadel of the law-breakers has been demolished. Since it has been demonstrated to be possible to enforce rigid honesty in the collection of customs at New York, the smugglers don't care to risk the other ports, where much more rigid inspection is possible.

(CONTINUED ON INSIDE PAGE)



Examining Trunks of Incoming Tourists



The Smugglers' Greatest Possibilities Lie in Freight

"Already, I think, smuggling has been suppressed to a greater extent than for many years previous. The smugglers are badly scared."

"The seizure of \$52,000 worth of millinery and the repayment of an immense sum by the sugar importers have been a warning to many others who have been thriving on dishonesty."

"To what extent these frauds have been carried on previous to my administration I am unable to say. But I am quite positive that from now on they must stop."

There has certainly been lots doing since Mr. Loeb went to New York. In brief, here are some of the things he has accomplished:

Sent George C. White and William H. Kilgannon to prison in connection with the wholesale smuggling of dress goods and millinery. They are supposed to have divulged the secrets of the combine which offered more than \$250,000 to secure immunity when \$52,000 worth of finery was seized. Mrs. Kilgannon was merely fined.

Forced the Sugar Trust to disgorge \$2,134,000. Discharged dishonest weighers and weeded out incompetent inspectors.

Abolished the "glad hand." This means that all returning tourists are treated to equally severe inspections, to which those "high up" had been exempt.

Stopped the practice of letting trunks remain at the piers "overnight" and then sneaking them out before the inspectors saw them. Organized a "secret service" designed to de-