

\$15,000 FEE AWARDED ATTORNEY IN INQUIRY INTO LEAK CHARGES

Sherman Whipple, Who Represented the Congressional Committee, Gets Big Sum.

PROCEDURE IS EXPENSIVE

Lawson Charges Discovered to Be Unfounded; Report Exonerates Men Whose Names Were Dragged In.

Washington, March 3.—(WASHINGTON BUREAU OF THE JOURNAL.)—The report of the house committee on rules in the so-called leak investigation ends an episode which has loomed large in the public mind, and has yielded practically nothing.

If the investigation never had been held the effect would undoubtedly have been bid, for the broad imputations of Thomas W. Lawson had created impressions which virtually left Congress no choice. Even after Lawson had failed to present anything more than gossip in support of what he had broadcast, it is clear that a mistake would have been made if the inquiry then had been closed.

There would have been a cry of "gag," and people who are always willing to suspect public officials would have said that facts were being suppressed. To have closed the investigation at the time once proposed by Chairman Henry, it can be seen clearly, would have been a blunder. Each rumor had to be individually chased to its lair.

Attorney Receives \$15,000. All of this costs money. The committee expects that its total expense bill will be around \$50,000. Included in this is \$15,000 paid to the committee's attorney, Sherman L. Whipple of Boston. That fee was agreed upon and supported by all members of the committee, and includes the compensation of Whipple's assistants.

There was a division of opinion in the committee when Whipple was hired as to the necessity of employing any lawyer, but the majority was strongly in favor. Members planned that a strong cross-examiner should be hired, who could devote all his time to the work. Each congressman has so many irons in the fire that he considers it a hardship, if not an impossibility, to give up his time to some outside matter.

The substance of the committee's report is that there was in fact a leak on the president's peace note, derived from information furnished by two newspaper correspondents, who acted outside the ethics of the profession; but the committee was unable to find that the firms receiving this information profited from it, and no information was obtained to show that any person connected with official life speculated on the strength of it.

Lawson's Charges Unfounded. "Not one of the charges of the witness Lawson," says the report, "was sustained by the evidence. His every statement in support of them proved to be founded either upon pure imagination or idle, irresponsible, or malicious gossip."

No testimony was secured that in any way reflected upon J. P. Tumulty, the president's private secretary. Nothing was found to indicate that R. Wilmer Bolling, the president's brother-in-law, had any advance information of the note or was interested in any stock transaction during the week it was made public. The committee connecting the name of Secretary McAdoo with stock market transactions rested upon no foundation of fact.

The committee did find that vast opportunities for shady profits arise from "short selling," a practice condemned by the better class of brokers, but counseled by the usages of the stock exchange. The committee thus explained the situation:

Instance of "Selling Short." "Under the terms of the contract which a customer who buys upon margin is expected to sign, and by the usages of the stock exchange, the broker has a right himself to use the customer's stock to deliver to make good his own short sale, or to loan his customer's stock to other brokers to enable such other brokers or their

ON TRADE COMMISSION



William B. Colver, publisher of the St. Paul Daily News, whom President Wilson has just appointed member of the Federal Trade Commission, is described in a statement from the White House to be "a man of unusual familiarity with economic, social and political conditions. He has had Washington experience as a correspondent in the press gallery. He believes the commission will have accomplished a great work if it can get at the real cause of high prices and reduce some of the waste which he believes largely responsible for present conditions."

customers to make delivery in accordance with their "short sales." To illustrate by concrete example: "The firm of E. F. Hutton & Co. on December 29 had a right, under this contract with their customers and the usage of the stock exchange, the moment they received advance knowledge of the president's note, to sell 'short' the entire 325,000 shares of stock which they were carrying for their customers and to deliver these identical shares in fulfillment of their own 'short' sales.

"They could then on the following day, when the market had fallen off, repurchase the stocks which they had sold short the previous day, and thereby reap the profit represented by the difference in the prices at which they had sold on the twentieth and repurchased on the twenty-first. If the difference in price was only a single point, the profit realized would have been \$25,000. If the difference happened to be as much as 10 points, the profit realized would have been \$3,250,000. It is to be observed that the measure of the profit of the broker in such case would be the measure of the loss of the customers."

Marginal Purchases Frowned Upon. Because outside of the scope of what it had been directed to report upon, the committee made no recommendations on this variety of stock jobbery, but inferences from the report are plain. There is this pregnant suggestion:

"Without marginal purchases 'short sales' would not be made, and without short sales and marginal purchases speculation in the stock market would practically come to an end."

Another suggestion made is that too many people have access to confidential state papers before they are printed. The president's note passed through the hands of not less than 30 people from the state department to the printing office. Several newspaper correspondents, it was developed, have received regular pay from brokers to keep them informed as to important news in Washington. One man, representing the Washington Star at the White House, received \$25 a month from each of two brokerage houses, and he it was who sent two of the messages that provoked the leak investigation. Another representative of the same newspaper testified that he receives \$100 a month from a firm of brokers, but it appears he had no part in spreading reports as to the president's note.

Argentine President Is an Able Politician

When He Finds High Army Places Occupied by Political Enemies, Dr. Irigoyen Promptly Removes Them.

Buenos Aires, March 3.—(U. P.)—As an expert on revolutions—for he himself spent a large part of his life as a conspirator and revolutionist—President Irigoyen has been quietly taking precautions to prevent any governmental overturning during his own six-year term. And he did it so cleverly that only now is the public beginning to realize it.

There have been predictions that his radical program would lead to a revolutionary outbreak. Revolutionary methods have been openly advocated in connection with some of the recent strikes in Argentina. The president's theory is that he can hold his own while the army is with him. On a peace basis, it is only about 17,000 strong, but even this is not so bad, in a country of 7,000,000 to 8,000,000 population.

Long ago, when he was an anti-government conspirator, Irigoyen won to his views the rank and file and lower grades of commissioned officers. Government after government, however, took pains to see that Irigoyenists were not promoted. So when he assumed office as president, Irigoyen found the army top-heavy with men in the chief commands who were his political opponents.

Nobody noticed it at first, but he had hardly taken the oath of office before he began detaching these officers from positions where they really controlled men and landing them in clerical positions in the capital or assigning them simply to "await orders." In their absence their underlings were lifted into the higher ranks, either by means of out-of-hand promotions or as "acting" commanders.

Crippled Aviator Is Honored. Paris, March 3.—(U. P.)—Paul Albert Tarascon, the only aviator in the French army with a wooden leg, has been cited to the order of the day before the entire army for having brought down his seventh German aeroplane. Tarascon was selling flour in Marseilles when war was declared.

COLOMBIA FEELS ITS CLAIMS DESERVE MORE RECOGNITION IN U. S.

Resources of Cattle and Oil Cited as What Country Has to Offer for Exploitation.

Buenos Aires, March 3.—(U. P.)—Without in the least implying that the countries of Argentina, Brazil and Chile are getting any too much consideration in connection with plans by the United States for pan-American trade development, Colombians contend that their own land is getting

relatively less attention than it is entitled to.

They say their republic is richer in natural resources than any other state in South America.

Their theory is that outsiders suppose the country to be a revolution-torn little place with a climate that a white man cannot live in, a semi-aboriginal population and a location which only a geographical shark can find on the map.

They want it understood that they have a stable government now, that their climate is excellent, thanks to the country's altitude, except in a few strips and spots, that the people are as civilized as any on the continent, that the republic is considerably more than twice as large as the German empire, and that no other land on earth, to say nothing of South America, offers such a field for profitable development.

Proximity Is Emphasized. One point upon which they dwell with special emphasis is that their main port of Barranquilla is only six days' sail from New Orleans, as compared with the 21 to 26 days which are required for a voyage, for instance, from Buenos Aires to New York. The

important consideration is that a saving of 15 to 20 days is a mighty important consideration if they can furnish everything and have a capacity for consuming everything that Argentina can furnish and is prepared to consume.

They declare they can not only do the former but a great deal more to, for they call attention to the fact that Colombia is tremendously rich in minerals, some of them, like emeralds and platinum, of a very rare kind.

Cattle and Oil Resources. Leaving this class of resources out of the discussion, however, two things which they are calling attention to now are the republic's possibilities as a cattle and an oil country. There is a big cattle region to the southwestward of Barranquilla, almost in the city's dooryard. It is pretended that this section has the numbers of cattle, or, for that matter, that it is big enough to furnish the meat there is a demand for in the United States. The fact is emphasized, however, that it is an admirable district for the feeding purposes and the production of a fine quality of beef. The place where there is room for huge herds and where such herds do

as a matter of fact exist, is a couple of hundred miles further south. The idea is to do the cattle breeding and to find a range for the animals in this southern country—a kind of Colombian Texas—and then drive them over mountain roads to the vicinity of Barranquilla, there to give them the final fattening, to slaughter and freeze the meat and to ship from Barranquilla to New Orleans. The Colombian north coast lacks the packing houses at present, however. It wants them.

Transportation Is Necessary. The oil region is about 200 miles, also roughly to the southward, from Barranquilla. Colombians have expert backing for their declaration that it is one of the richest oil countries in the world. Its only drawback, they say, is that means of transporting the oil are lacking. Philadelphia and Pittsburgh capital is already interested in talking of putting a pipe line to the port. The Colombians are in a big hurry to have this done.

When it becomes the receiving center and the shipping point for all the country's cattle and oil, they assert that Barranquilla will be one of the world's great ports—a place to rival

Buenos Aires and Rio de Janeiro, instead of a city which few North Americans have ever heard of, as at present.

It is admitted that what the country needs is development. For development it needs capital. North American capital is the kind the Colombians are looking for. They prefer it to European capital, even if they can get the latter, which they are not sure about now, on account of the war.

"The trouble with European money," as one prominent Colombian here expressed it the other day, "is that it's too conservative. It's entirely satisfied with 5 per cent interest. It likes prospects that have already been developed. North Americans want about 20 per cent. To get so high a rate they have to engage in development work. Development is what Colombia has got to have. Therefore we prefer investors from the United States."

A Severe Sentence. London, March 3.—(U. P.)—Convicted of the theft of six shillings, Johnny Arbuton, 25, was sentenced to stay away from the "movies" for two years.

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