

SENATORIAL CAMPAIGN EXPENDITURES

DECEMBER 22, 1926.—Ordered to be printed

Mr. REED of Missouri, from the Special Committee Investigating Expenditures in Senatorial Primary and General Elections, submitted the following

PARTIAL REPORTS

[Pursuant to Senate Resolution 195]

The Special Committee Investigating Primaries and General Elections submits the following partial reports touching the senatorial primary campaign in the State of Pennsylvania; senatorial general election campaigns in the States of Oregon and Washington; and the charges made by Harry R. Walmsley, of Kansas City, Mo:

✓ PENNSYLVANIA SENATORIAL PRIMARY ELECTION

CANDIDATES

(Republican)

George Wharton Pepper, United States Senator, incumbent; Gifford Pinchot, governor; William S. Vare, Member of Congress, first district of Pennsylvania.

(Democratic)

William B. Wilson, ex-Secretary of Labor.
 Primary: May 18, 1926.

✓ *Vote received*

William S. Vare.....	596, 928
George Wharton Pepper.....	515, 502
Gifford Pinchot.....	339, 127
William B. Wilson.....	153, 750

THE PENNSYLVANIA GUBERNATORIAL NOMINATION AND THE TICKET COMBINATIONS

The contest between Pepper and Vare was a factional contest for political control of the State, waged by Republican politicians in western Pennsylvania, dominated and led by the Mellon family

and its interests, against the Republican machine of Philadelphia, which William S. Vare controlled and operated as an inheritance from the late Senator Penrose.

Added to this purely political contest was the determination on the part of the Pennsylvania Manufacturers' Association, a powerful amalgamation under the leadership of its president, a wealthy manufacturer of eastern Pennsylvania and an experienced lobbyist, Joseph R. Grundy, to elect John S. Fisher, a corporation and railroad attorney, and to defeat Edward F. Beidleman for the Republican gubernatorial nomination, and thereby prevent the repeal of an excise tax on coal mined in the State, as advocated by Beidleman, and insure the manufacturing interests continued freedom from all State corporate taxation.

THE PEPPER-FISHER DEAL

About a month before the primary, W. L. Mellon, nephew of the Secretary of the Treasury, met Joseph R. Grundy by appointment in the Bellevue-Stratford Hotel in Philadelphia. As a result of this conference, Mr. Grundy, who had previously been opposed to Senator Pepper's candidacy, pledged support in exchange for the active support of the Mellon family and allies in western Pennsylvania for his candidate, State Senator Fisher. The diplomatic talents of Cyrus E. Woods, former minister and ambassador to Portugal, China, and Japan, were then enlisted by these two gentlemen to consolidate the ticket and insure harmony.

Concerning the influence of Mr. Grundy, the following extract from the testimony of Mr. Woods is of interest:

Mr. WOODS. There was some friction between Mr. Grundy, who was interested in Mr. Fisher, and Senator Pepper.

* * * * *

The CHAIRMAN. Was he quite an important factor in politics?

Mr. WOODS. He is.

The CHAIRMAN. And he was for Fisher?

Mr. WOODS. He was for Senator Fisher. Originally not for Senator Pepper; but after this he joined in this consolidation.

* * * * *

The CHAIRMAN. Do you know whether he had announced for any other candidate for the Senate?

Mr. WOODS. No; I do not think he had.

The CHAIRMAN. Your effort with him was to get him to agree to support Pepper along with Fisher?

Mr. WOODS. Yes; he was in favor of this consolidation.

The CHAIRMAN. Is he what you would call a political leader in his part of the State?

Mr. WOODS. I would say so.

The CHAIRMAN. Would you say that he is what is generally designated as the "boss" of his part of the State—political boss? I am trying merely now not to use an offensive term, but to distinguish it. He was a man who occupied some position of prominence whose word generally was taken as the finality?

Mr. WOODS. I would say he was one of the leaders of the Republican Party in Pennsylvania.

* * * * *

The CHAIRMAN. What part of the State was Mr. Grundy particularly employed in?

Mr. WOODS. The eastern part. His office was in Philadelphia, I think. I know he has an office in Philadelphia. He is a manufacturer.

The CHAIRMAN. What is his business?

Mr. Woods. He is a textile manufacturer, and he is also president of the Pennsylvania Manufacturers Association.

* * * * *

The CHAIRMAN. Was there any other important man that you got lined up?

Mr. Woods. No; not of that importance.

The CHAIRMAN. Well, of any importance?

Senator LA FOLLETTE. It seems to me it is rather strange you can remember Mr. Grundy's name, but you can not remember any other person's name of importance who went over on the proposition.

Mr. Woods. I remember Mr. Grundy's name because it was of very great importance (pp. 83 and 84).

After the emergence of this ticket the candidacy of Senator Pepper was synonymous with that of State Senator Fisher.

The Pepper-Fisher ticket was simply a coalition to win of selfish and none too compatible elements. The argument offered to voters to line up with it is perhaps best presented by Mr. Woods:

Mr. Woods. My argument was that we wanted to make this a ticket proposition; that it was going to win and that we wanted them as men who were interested in politics to go along with us.

The CHAIRMAN. To be on the band wagon?

Mr. Woods. To be on the band wagon.

The CHAIRMAN. There was not any moral ground offered?

Mr. Woods. No, not especially (pp. 82 and 83).

From the testimony of witnesses the Vare-Beidleman ticket seems to have been formed as an offensive and defensive alliance against and after the Pepper-Fisher coalition.

Governor Pinchot made his campaign without a running mate.

The primary election resulted in the nomination of State Senator Fisher and Representative Vare for governor and United States Senator, respectively.

The foregoing brief recitation of the relation which existed between the several senatorial and gubernatorial candidates is necessary for an understanding of the campaign contributions and expenditures as hereafter set out.

LAWS OF PENNSYLVANIA RELATING TO PRIMARY AND ELECTION CONTRIBUTION AND EXPENSES

The laws of Pennsylvania do not limit a candidate to the expenditure of any specific amount.

A few months before the primary Governor Pinchot convened the Legislature of Pennsylvania in special session to consider a general revision of the election laws of the State as embraced in 12 bills which he submitted. Harry Mackey, manager of the Vare campaign in Philadelphia, charged in his testimony before your committee that the special session of the legislature had been called to promote the candidacy of Governor Pinchot for the Senate. According to the statement of Governor Pinchot, the extra session had been authorized by him "primarily for the purpose of securing such revision of the election laws as would make fraud less easy than it is now."

Governor PINCHOT. * * * Eleven of them were beaten. One was emasculated and then passed. * * *

Senator LA FOLLETTE. Do you care to state what was the nature of the opposition to the passage of these bills?

Governor PINCHOT. It came largely from the two cities of Philadelphia and Pittsburgh, and from machine senators. The bills were killed in the Senate from various other parts of the State.

* * * * *
 Senator KING. Did any political organization, as such, register its opposition to those measures?

Governor PINCHOT. The city committee of Philadelphia sent its attorney to Harrisburg to fight the two bills at a hearing.

Senator KING. You mean the Republican City Committee?

Governor PINCHOT. The Republican City Committee.

Senator KING. Did that committee support Mr. Vare or you?

Governor PINCHOT. Yes; supported Mr. Vare, naturally.

Senator KING. Then the legislature was not responsive to your recommendations respecting these measures?

Governor PINCHOT. It was not.

Previously, at the regular session of the legislature in 1922, Col. Charles C. McGovern, who later became Governor Pinchot's senatorial primary campaign manager in Pittsburgh, had sponsored a series of election reform bills which he stated as a sworn witness "were defeated largely under the leadership of Senator Vare."

The important changes which these measures sought to effect were:

- (a) To place a stated limit on campaign expenditures;
- (b) To abolish the system of paid partisan watchers at the polls; and
- (c) To provide for an official pamphlet devoted to political publicity and published by the State.

The laws of Pennsylvania relating to campaign expenditures were all considered in evidence by your committee.

The act of March 5, 1906, in so far as it directly bears upon this investigation, is as follows:

NOMINATION AND ELECTION EXPENSES

[Act of March 5, 1906]

SECTION 1. The term "election expenses," as used in this act shall include all expenditures of money or other valuable things in furtherance of the nomination of any person or persons as candidates for public office, or in furtherance of the election of any person or persons to public office, or to defeat the nomination or election to public office of any person or persons.

* * * * *
 SEC. 4. No candidate, and no treasurer of any political committee, shall pay give, or lend, or agree to pay, give, or lend, either directly or indirectly, any money or other valuable thing for any nomination or election expenses whatever, except for the following purposes:

First. For printing and traveling expenses, and personal expenses incident thereto, stationery, advertising, postage, expressage, freight, telegraph, telephone, and public messenger services.

Second. For dissemination of information to the public.

Third. For political meetings, demonstrations, and conventions, and for the pay and transportation of speakers.

Fourth. For the rent, maintenance, and furnishing of offices.

Fifth. For the payment of clerks, typewriters, stenographers, janitors, and messengers, actually employed.

Sixth. For the employment of watchers at primary meetings and elections, to the number allowed by law.

Seventh. For transportation of voters to and from the polls.

Eighth. For legal expenses, bona fide incurred, in connection with any nomination or election.

SEC. 5. Every candidate for nomination at any primary election, caucus, or convention, whether nominated thereat or not, shall, within fifteen days after

the same was held, if the amount received or expended shall exceed the sum of fifty dollars, and every candidate for election at which such candidate was voted for, or with which such political committee was concerned, if the amount received or expended shall exceed the sum of fifty dollars file with the officers hereinafter specified a full, true and detailed account, subscribed and sworn or affirmed to by him, before an officer authorized to administer oaths, setting forth each and every sum of money contributed, received, or disbursed by him, for election expenses, the date of each contribution, receipt and disbursement, the name of the person from whom received or to whom paid, and the object or purpose for which the same was disbursed. Such account shall also set forth the unpaid debts and obligations of any such candidate or committee for election expenses, with the nature and amount of each, and to whom owing. In the case of candidates for election who have previously filed accounts as candidates for nomination the accounts shall only include contributions, receipts, and disbursements subsequent to the date of such prior accounts. If the aggregate receipts or disbursements of a candidate or political committee, in connection with any nomination of election, shall not exceed fifty dollars, the treasurer of the committee or candidate shall, within thirty days after the election, certify that fact, under oath, to the officer with whom the statement is filed, as hereinafter provided.

SEC. 6. Every such account shall be accompanied by vouchers for all sums expended exceeding ten dollars in amount. It shall be unlawful for any candidate, or treasurer of a political committee, or person acting as such treasurer, to disburse any money received from any anonymous source.

* * * * *

SEC. 7. It shall be unlawful to administer the oath of office to any person elected to any public office, until he has filed an account as required by this act, and no such person shall enter upon the duties of his office until he has filed such account nor shall he receive any salary for any period prior to the filing of the same.

Expenditures in behalf of Gov. Gifford Pinchot

(Cents omitted)

State committee.....	\$113, 324
State committee, unpaid bills.....	4, 124
Pinchot for Senator, western committee (Pittsburgh).....	4, 085
County committees.....	21, 729
Personal expenditures by Governor Pinchot.....	43, 767
	187, 029

CONTRIBUTIONS TO PRIMARY CAMPAIGN OF GOV. GIFFORD PINCHOT

In addition to Governor Pinchot's personal contribution of \$43,767, his wife contributed \$40,000, and his aunt, Mrs. Charles B. Wood, of Washington, D. C., \$50,000; Amos Pinchot, \$10,000; George B. Woodruff, attorney general of Pennsylvania, appointed by Governor Pinchot, \$17,600. The total contributions made by members of the Pinchot family represent more than 70 per cent of the total expenditures.

EXPENDITURES IN BEHALF OF THE PEPPER-FISHER TICKET

It is impossible to state these expenditures accurately because of the uncertainty in amounts of unpaid bills, notes, and obligations, because of the mixed character of the campaigns conducted directly in Senator Pepper's behalf and for the whole ticket, and, finally, because of the possible overlapping of expenditures by State, regional, county, and special organizations.

However, the following compilation, based on the figures presented in evidence and in the official reports to the secretary of state of

SENATORIAL CAMPAIGN EXPENDITURES

Pennsylvania, photostatic copies of which were obtained by your committee, is felt to be as accurate as the circumstances and agencies commensurate with the disposal of the committee allowed: at the a

Pepper-Fisher expenditures

(Expenditures exclusively for Fisher omitted)

Pepper (personal expenditures).....	\$2, 500
George Wharton campaign committee.....	132, 008
Pepper central Pennsylvania Republican organization.....	167, 193
Western Pennsylvania committee.....	480, 600
Republican citizens' committee.....	2, 737
Minutemen committee.....	2, 000
Patriotic League Pepper-Fisher committee.....	958
Central Pennsylvania Pepper county committees reporting.....	292, 324
Expenditures of Pepper-Fisher notes.....	724, 663
Total unpaid bills and unpaid.....	1, 804, 979

PEPPER-FISHER CAMPAIGN

CONTRIBUTIONS TO PEPPER-FISHER CAMPAIGN

acknowledged sum of \$75,000,

The Mellon family contributed the as follows:

Andrew W. Mellon, Secretary of the Treasury.....	\$25, 000
R. B. Mellon, his brother.....	25, 000
W. L. Mellon, his nephew (\$22,000 cash and an obligation of \$3,000).....	25, 000

Joseph R. Grundy, president of the Pennsylvania Manufacturers' Association, and the controlling genius of the campaign over \$400,000. placed at the disposal of his candidates' campaign by your committee. These sums, in cash and notes, were ascertained by William F. Folwell, from the reluctant testimony of Grundy and Whitten's campaign treasurer of the Pepper-Fisher Republican committee. The character of his testimony and of the transactions may be seen from the following passages:

The CHAIRMAN. Were letters sent out over your signature to which you were various manu- facturers in the State who were members of this association of which you were the chairman? *

Mr. GRUNDY. No, no, I do not think so. I am quite sure there were not collected by

The CHAIRMAN. Where were the moneys deposited which were collected by this committee; in what bank? Philadelphia.

Mr. GRUNDY. I take it that it was the Corn Exchange Bank of Philadelphia. The CHAIRMAN. The Corn Exchange Bank? What bank,

Mr. GRUNDY. That is simply because Mr. Folwell is a director in that and I rather assume that is where he put the money.

The CHAIRMAN. Has that committee a deficit now? *

Mr. GRUNDY. It may be as much as \$100,000. That is as to bills unpaid, you mean?

The CHAIRMAN. Yes.

Mr. GRUNDY. Yes.

The CHAIRMAN. Your moneys are exhausted, are they not?

Mr. GRUNDY. Yes; I take it they are substantially exhausted.

The CHAIRMAN. Who became responsible for these amounts? them.

Mr. GRUNDY. Well, I suppose primarily Mr. Folwell is responsible for paid.

The CHAIRMAN. Are the accounts outstanding yet, or have they been paid and is there a deficit in a bank somewhere represented by a note on which money was obtained to pay them?

Mr. GRUNDY. I think there is probably both.

The CHAIRMAN. Both?

Mr. GRUNDY. Both.

The CHAIRMAN. Who was it that arranged with the banks for a credit?

Mr. GRUNDY. Well, it was, of course, Mr. Folwell. He was the man who arranged for the money that is owing to the banks.

The CHAIRMAN. And who was to stand with Mr. Folwell? What was the arrangement about underwriting Mr. Folwell's obligations?

Mr. GRUNDY. He and I made a joint note.

The CHAIRMAN. For how much?

Mr. GRUNDY. \$90,000.

The CHAIRMAN. When did you sign that joint note to the bank?

Mr. GRUNDY. It was probably somewhere around the 14th or 15th of May.

The CHAIRMAN. That is just before the primary?

Mr. GRUNDY. Yes.

The CHAIRMAN. You needed about \$90,000, and you and Mr. Folwell signed a joint note; to what bank?

Mr. GRUNDY. The Corn Exchange Bank. I know he got the money there.

The CHAIRMAN. That was to get money to meet the bills which were coming in and had to be paid, and to prepare for some money for election day?

Mr. GRUNDY. To pay the watchers on election day; that is what it was.

The CHAIRMAN. \$90,000 for watchers on election day in Philadelphia?

Mr. GRUNDY. Yes.

The CHAIRMAN. Had you signed some other notes before that?

Mr. GRUNDY. The committee had not—I mean, I knew Mr. Folwell had.

The CHAIRMAN. Had you signed notes with him before that?

Mr. GRUNDY. No, no.

The CHAIRMAN. This note for \$90,000 is the first note you signed?

Mr. GRUNDY. Yes; that is the first note.

The CHAIRMAN. Did you sign any afterwards?

Mr. GRUNDY. No, sir; I did not sign any afterwards.

The CHAIRMAN. Who, of the committee, besides Mr. Folwell, went on this note that you had negotiated at the bank?

Mr. GRUNDY. Mr. Folwell and myself.

The CHAIRMAN. That is the \$90,000?

Mr. GRUNDY. That is the \$90,000.

The CHAIRMAN. But you said there were other notes?

Mr. GRUNDY. Yes; that Mr. Folwell has signed.

The CHAIRMAN. When did he sign those notes, before or after the \$90,000 note?

Mr. GRUNDY. Both before and after.

The CHAIRMAN. Do you know the amounts of these notes?

Mr. GRUNDY. Yes; I think they aggregate somewhere about \$300,000.

The CHAIRMAN. How much of that money was obtained after the \$90,000 note was signed?

Mr. GRUNDY. Well, I really can not answer. His books would show that. It might be, say, half and half.

The CHAIRMAN. That is, you think that about \$150,000 was obtained after the 14th day of May?

Mr. GRUNDY. Yes.

The CHAIRMAN. Was it obtained before the primaries or after the primaries?

Mr. GRUNDY. Both, of course, Senator.

The CHAIRMAN. Since the primaries were over—

Mr. GRUNDY. Yes.

The CHAIRMAN (continuing). Mr. Folwell has borrowed other sums from the banks?

Mr. GRUNDY. No; not from banks.

The CHAIRMAN. Where did he borrow it from?

Mr. GRUNDY. He borrowed it from me.

The CHAIRMAN. Oh! Well, now, let us get this note business straightened out, if we can. I am a little dull, anyway, about understanding financial matters, and perhaps everything else. When did Mr. Folwell make his first loan, either from you or from any other individual or from any bank?

Mr. GRUNDY. I can not state specifically. I do not want to be held down to a date, but I think it was about the 4th of April. You see, Mr. Folwell went abroad and was unable to handle these finances and things, and so on, and the money had to be raised and I loaned his acting treasurer there, from time to time when contributions did not come in; he came to me and I loaned him what moneys he wanted from time to time.

The CHAIRMAN. Who was the acting treasurer?

Mr. GRUNDY. A Mr. Gorman, to whom I referred; Frank J. Gorman.

The CHAIRMAN. The first loan that you made to Gorman, or to the committee—

Mr. GRUNDY. To Folwell; it was as treasurer.

The CHAIRMAN. You loaned the acting treasurer, for Folwell?

Mr. GRUNDY. Yes; and received receipts from Folwell.

The CHAIRMAN. Have you that receipt?

Mr. GRUNDY. Well, I have it, but I have not got it here.

The CHAIRMAN. You know, my subpoena to you was to bring every paper, book, document, or letter throwing any light or tending to throw any light.

Mr. GRUNDY. I will have a copy of it made for you. I would like to retain the original.

The CHAIRMAN. We would, of course, like to see the original, but we will return it to you.

Mr. GRUNDY. All right.

The CHAIRMAN. Can you tell us the amount of that first?

Mr. GRUNDY. I can not; it may have been seven or eight thousand dollars.

The CHAIRMAN. You got a receipt for that, did you?

Mr. GRUNDY. Yes.

The CHAIRMAN. That was about April 4.

Mr. GRUNDY. I think that was the date.

The CHAIRMAN. It was the second one.

Mr. GRUNDY. I do not recall; from time to time as funds did not come in, or contributions and bills did come in, they came to me and I gave them the money.

The CHAIRMAN. How many different advances did you make before you signed the \$90,000 note?

Mr. GRUNDY. I suppose seven or eight, maybe.

The CHAIRMAN. Can you tell us the aggregate of the advances?

Mr. GRUNDY. No; I would not want to; the record will show, Mr. Folwell will show.

The CHAIRMAN. Can you approximate it?

Mr. GRUNDY. Well, I roughly said that probably half of this was loaned before that \$90,000 and the other half since.

The CHAIRMAN. That is to say you yourself, then, before the \$90,000 was loaned at the bank, obtained at the bank—

Mr. GRUNDY. Yes.

The CHAIRMAN. You yourself had advanced the \$150,000.

Mr. GRUNDY. I think it may be put that way for general purposes, that I could say, "yes."

The CHAIRMAN. That is within ten or fifteen thousand dollars, I suppose.

Mr. GRUNDY. Yes; that is right.

Senator KING. That is, you loaned it yourself?

Mr. GRUNDY. Yes.

Senator KING. You loaned this \$150,000?

Mr. GRUNDY. Yes; before the borrowing of the \$90,000.

The CHAIRMAN. Since the \$90,000 was borrowed you have loaned further sums aggregating about \$150,000?

Mr. GRUNDY. I think that is right; that is, in a general way, right.

The CHAIRMAN. So you were the angel of this enterprise to the extent of \$300,000?

Mr. GRUNDY. If that is what you call it I shall be flattered.

The CHAIRMAN. From what other individuals were advances obtained?

Mr. GRUNDY. None that I know of.

The CHAIRMAN. Were there any other advances obtained that you know of, or have heard of, from any person or any institution except these sums of money you advanced and that were borrowed from the—

Mr. GRUNDY. Corn Exchange—

The CHAIRMAN. Corn Exchange Bank?

Mr. GRUNDY. No; unless contributions which McIlhenny handed in or his committee turned in.

The CHAIRMAN. But I am speaking about loans now.

Mr. GRUNDY. No.

The CHAIRMAN. Any contributions?

Mr. GRUNDY. I do not know of any other.

The CHAIRMAN. Then, if I understand you right, to summarize it, Mr. McIlhenny was engaged in getting contributions, the amount of which you do

not know, and you do not know what contributions have been obtained by the committee as a whole?

Mr. GRUNDY. No; I would not want to say.

The CHAIRMAN. You do know that you have loaned, or advanced to the committee, approximately \$300,000?

Mr. GRUNDY. Yes, I do.

The CHAIRMAN. That in addition to that you signed a note with Mr. Folwell to the Corn Exchange Bank for \$90,000?

Mr. GRUNDY. Quite right; quite right.

The CHAIRMAN. That about \$150,000 of the amount that you obtained was advanced before the transaction with the Corn Exchange Bank which took place on what date?

Mr. GRUNDY. I should roughly say about the 14th of May.

The CHAIRMAN. About the 14th of May?

Mr. GRUNDY. Thirteenth or 14th of May; yes.

The CHAIRMAN. With your advance payment of \$150,000 about April 4 you loaned seven or eight thousand, as you recollect?

Mr. GRUNDY. Yes.

The CHAIRMAN. Subject to correction?

Mr. GRUNDY. Yes, sir.

The CHAIRMAN. And after the 14th day of May, when you obtained the \$90,000, you put up the other \$150,000? Is that right?

Mr. GRUNDY. Yes, sir; that is right.

The CHAIRMAN. Was any of that \$150,000 put up before the primary day?

Mr. GRUNDY. No; I think not. Well, it may have been; I would not want to say it was not before the 18th.

The CHAIRMAN. Your best recollection is that you put that last \$150,000 up after the election, is not that it?

Mr. GRUNDY. That was put up as the bills came in, and they had to be paid; and it was probably before the primary and after the primary.

The CHAIRMAN. When was the last advance you made to the committee?

Mr. GRUNDY. I do not know; it may have been a week ago.

The CHAIRMAN. You have receipts for all of it have you not?

Mr. GRUNDY. Oh, yes; I certainly have (pp. 226-230).

Here follows in the same connection excerpts from the testimony of William H. Folwell, treasurer of the Republican Citizens' Campaign Committee, and a vice president of the Grundy Association of Pennsylvania Manufacturers:

The CHAIRMAN. When did you first become interested in Senator Pepper's campaign?

Mr. FOLWELL. The latter part of March.

* * * * *

The CHAIRMAN. Did you have anything at all to do with the raising, or planning the raising of funds before you went to Europe?

Mr. FOLWELL. No, sir.

The CHAIRMAN. Did you have anything to do with the raising of money, or plans for the raising of money, or conferring about the raising of money, at any time while you were in Europe?

Mr. FOLWELL. No, sir.

The CHAIRMAN. What date did you go to Europe?

Mr. FOLWELL. The 31st of March.

The CHAIRMAN. Is this your signature to the paper which I show you?

Mr. FOLWELL. That is a copy of it by stamp.

The CHAIRMAN. That is your rubber-stamp signature?

Mr. FOLWELL. I believe so.

* * * * *

The CHAIRMAN. The paper I have referred to in my question I will have marked as "Exhibit 35." It reads as follows:

EXHIBIT 35

REPUBLICAN CITIZENS' CAMPAIGN COMMITTEE,
Philadelphia, Pa., April 9, 1926.

Received of Joseph R. Grundy, \$8,160, as a loan to the Republican citizens' committee.

W. H. FOLWELL, Treasurer.

That money, then, was paid in during your absence in Europe?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. And somebody had authority to use your rubber-stamp signature?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. Who was it that had this authority?

Mr. FOLWELL. It was either Mr. Gorman or Mr. Hill. I think it was Mr. Hill that used that stamp.

The CHAIRMAN. Mr. Gorman?

Mr. FOLWELL. Mr. Hill, I think. I said "Mr. Gorman," but I think I am wrong. Mr. Gorman is here; I think he can answer that.

The CHAIRMAN. What is Mr. Gorman's full name?

Mr. FOLWELL. Frank J. Gorman.

The CHAIRMAN. And Mr. Hill's?

Mr. FOLWELL. Chester W. Hill.

Senator KING. Why were you elected treasurer at that meeting if there was no talk about finances at that meeting?

Mr. FOLWELL. It was purely an organization meeting.

Senator KING. There was some talk about a treasurer, and raising money?

Mr. FOLWELL. It was just an organization meeting; it did not last more than 15 minutes, as I remember it.

Senator KING. And it was expected that you would handle the finances as treasurer?

Mr. FOLWELL. Yes, sir.

* * * * *

Senator GOFF. Did you state at that meeting that you were going abroad?

Mr. FOLWELL. I said I thought I would have to go abroad.

Senator GOFF. Was that known to your associates at the time that you were elected treasurer?

Mr. FOLWELL. I think so; yes.

Senator GOFF. Was any provision made at that time to have elected an assistant treasurer or some one to act in your absence in the event you went to Europe?

Mr. FOLWELL. We made provision that at the moment it was decided I had to go that provision was made.

Senator GOFF. Who was to take your place?

Mr. FOLWELL. Chester W. Hill.

Senator KING. That was decided several days later, was it?

Mr. FOLWELL. I think possibly two days later.

* * * * *

Senator GOFF. And did he take your place while you were in Europe?

Mr. FOLWELL. He was authorized to sign checks and to take care of the account in the bank, to pay money, and to deposit money.

Senator GOFF. He did not sign these receipts that Senator Reed has exhibited to you, did he?

Mr. FOLWELL. They signed my name by the use of a stamp.

Senator GOFF. Then it was he who did that?

Mr. FOLWELL. I think so.

* * * * *

The CHAIRMAN. You have brought here a bundle of papers similar to the one that I read in evidence, which appear to be receipts for money advanced as a loan by Mr. Grundy, all of them bearing your name by this rubber stamp. Were those receipts given you by Mr. Grundy?

Mr. FOLWELL. Yes, sir; to give to you.

The CHAIRMAN. To bring up to the committee?

Mr. FOLWELL. At your request.

The CHAIRMAN. And they are all of the receipts of which you have any knowledge?

Mr. FOLWELL. To him; yes, sir.

The CHAIRMAN. Mr. Reporter, will you please mark these other receipts as exhibits?

(The receipts above referred to were thereupon marked "Exhibits 35 to 52, inclusive.")

EXHIBIT No. 36

REPUBLICAN CITIZENS' CAMPAIGN COMMITTEE,
Philadelphia, Pa., April 10, 1926.

Received of Joseph R. Grundy, \$18,240, as a loan to the Republican citizens' campaign committee.

W. H. FOLWELL, *Treasurer.*

Exhibit 37 appears to be identical in language except that the date is April 14, 1926, and the amount is \$20,000.

Exhibit 38 is also in identical language except the amount is \$6,000 and the date is April 19.

Exhibit 39 is for \$20,000, dated April 22, 1926, language identical.

Exhibit 40 is for \$10,000, dated April 30, 1926. The other language is identical.

Exhibit 41 is identical language except the date is May 1 and the amount is for \$10,000.

Exhibit 42 is identical in language. The date is May 3, 1926, and the amount is \$10,000.

Exhibit 43 is identical in language. The date is April 4, 1926, and the amount is \$8,000.

Exhibit 44 is identical in language. The date is May 6, 1926, and the amount is \$10,000.

Exhibit 45 is identical in language, and the date is May 7, 1926. The amount is \$23,175.

Exhibit 46 is identical in language, dated May 8, 1926. The amount is \$10,000.

Exhibit 47 is identical in language. The date is May 10, 1926, and the amount \$25,000.

Exhibit 48 is identical in language. The date is May 11, 1926, and the amount is \$10,000.

Exhibit 49 is identical in language. The date is May 13, 1926, and the amount is \$15,000.

Exhibit 50 is identical in language. The date is May 14, 1926, and the amount is \$23,000.

Exhibit 51 is identical in language. The date is May 15, 1926, and the amount is \$26,000.

Exhibit 52 is in identical language. The date is June 5, 1926, and the amount is \$55,000.

* * * * *

The CHAIRMAN. When were these exhibits 35 to 52, inclusive, handed to you?

Mr. FOLWELL. This morning.

The CHAIRMAN. By whom?

Mr. FOLWELL. Mr. Gorman.

The CHAIRMAN. Had you ever seen any of them before?

Mr. FOLWELL. No, sir.

The CHAIRMAN. Some of this money was paid in after you came back from Europe, was it not?

Mr. FOLWELL. I am not sure.

The CHAIRMAN. The dates are subsequent to your return from Europe. When did you return from Europe?

Mr. FOLWELL. As I remember it, on the 5th or 6th of May, I think the boat was a day late; I think I got in on the 6th.

The CHAIRMAN. And then you were here for some 12 days before the primary, which was held on the 18th?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. Did you function as treasurer?

Mr. FOLWELL. Only in a measure. The thing was going on. You know what I mean; I did not, I could not, pick up the threads, and could not become active as I would like to have been.

* * * * *

The CHAIRMAN. As a matter of fact, was there ever any money turned over to you?

Mr. FOLWELL. I received a few checks that came to my business address rather than to the headquarters, which I turned over.

* * * * *

The CHAIRMAN. Do you remember the aggregate, or approximately the aggregate, of the amounts of checks that were turned over to you?

Mr. FOLWELL. I think it was not more than \$1,100 or \$1,200.

* * * * *

The CHAIRMAN. So, before you sailed you authorized Mr. Hill to indorse any checks or orders for money which were made out to your name personally, and which were for the benefit of this campaign committee?

Mr. FOLWELL. Yes, sir.

* * * * *

The CHAIRMAN. What bank was the money to be deposited in?

Mr. FOLWELL. The Corn Exchange Bank.

* * * * *

The CHAIRMAN. Did you leave a copy of your signature there?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. Did you inform them that during your absence Mr. Hill would have authority to sign your name?

Mr. FOLWELL. I took Mr. Hill over there and made that arrangement.

* * * * *

The CHAIRMAN. Did you give Mr. Hill any authority in writing to indorse your name on papers, or was that a mere oral authorization?

Mr. FOLWELL. I think that it was oral.

The CHAIRMAN. Had Mr. Hill had any connection with you before this in business?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. What was his relationship?

Mr. FOLWELL. He is my assistant in the insurance company of which I am president.

The CHAIRMAN. What company is that?

Mr. FOLWELL. The Pennsylvania Manufacturers' Casualty Insurance Co.

The CHAIRMAN. And the first time you ever saw these exhibits 35 to 52, inclusive, was this morning, or yesterday morning?

Mr. FOLWELL. This morning.

The CHAIRMAN. This morning; and they were handed to you by Mr. Gorman?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. Where?

Mr. FOLWELL. Right here, sir.

The CHAIRMAN. In this room?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. Look at them and see if they were not all made out at one time, from their appearance—all fresh?

Mr. FOLWELL. I would not say so, sir.

The CHAIRMAN. Do you see any indication that they were not? They all look the same; they are all folded at the same place; they are all on exactly the same sized paper; the edges of all of them are fresh; there is not a blot on them; they are all made apparently on the same typewriter.

Mr. FOLWELL. That would be—

The CHAIRMAN. Yes—and you think they would have that complete detailed similarity if they had been made out at different times?

Mr. FOLWELL. Yes, sir.

The CHAIRMAN. You have an abiding faith that would be commendable if it were confined to the Christian religion.

Senator KING. Just look at the typewriting there; is there not every evidence that it was done at the same time, with the same ribbon—not a change at all? They are the same coloring, absolutely, indicating that it is done by the same ribbon and at the same time?

Mr. FOLWELL. I would say it is the same ribbon; but I would not say that it was done at the same time.

Senator KING. Look at the edges there, as Senator Reed has indicated; do they not have the same little irregularities?

Mr. FOLWELL. Torn off the same blank, sir.

The CHAIRMAN. When did you first hear about those receipts?

Mr. FOLWELL. When I came back.

The CHAIRMAN. Did you hear about them all at one time?

Mr. FOLWELL. I do not think so.

The CHAIRMAN. Are you in the habit of authorizing anybody to sign your name to obligations amounting to something like \$300,000 without making any inquiry at all as to when your name was signed, or as to the amount?

Mr. FOLWELL. Well, not in the habit of it; no, sir.

The CHAIRMAN. Did you ever do it before?

Mr. FOLWELL. Something like that may have happened in the Harding campaign, when I was chairman of the ways and means committee for eastern Pennsylvania at that time.

The CHAIRMAN. Do you remember that such a thing as this did happen?

Mr. FOLWELL. No, sir.

The CHAIRMAN. You said, in answer to a question awhile ago, that these are all of the receipts to Grundy, so far as you know. Can you say that there were not other receipts similar to these that were issued?

Mr. FOLWELL. I do not think so, sir.

* * * * *

The CHAIRMAN. Do you know of any other moneys that Mr. Grundy loaned, advanced, or contributed to this committee except that which is evidenced by these receipts?

Mr. FOLWELL. None except the loan that he and I made together.

The CHAIRMAN. Where was that loan made?

Mr. FOLWELL. At the Corn Exchange Bank.

The CHAIRMAN. That was for how much?

Mr. FOLWELL. \$90,000.

The CHAIRMAN. When was that loan made?

Mr. FOLWELL. I think it was the 14th or 15th.

The CHAIRMAN. Of May?

Mr. FOLWELL. Of May; yes, sir.

The CHAIRMAN. Why did you borrow that money from a bank instead of getting it, as you formerly had, from Mr. Grundy?

Mr. FOLWELL. Well, I do not know that there is any reason why we got it at the bank; all there is, is that we got it.

The CHAIRMAN. I know; but Mr. Grundy had been acting as the financial angel for this enterprise to some considerable extent, and he had come out, evidently pretty freely while you were away, and after you came back. Now, what happened that made it necessary to borrow?

Mr. FOLWELL. I do not know.

The CHAIRMAN. Was not something said about it? Give us the circumstances under which that loan was made, how you came to go to the bank, who asked you to go? Tell us all about it.

Mr. FOLWELL. I was in conference with Mr. Grundy at his office, and also with Mr. Gorman; and they needed money, and they needed it promptly; and I conferred with Mr. Grundy, and he said: "Well, if you will borrow the money I will sign the note with you."

I said: "That is very satisfactory;" and I proceeded at once to the bank and made the loan and deposited the money to the account of the—to my account as treasurer; and it was expended.

The CHAIRMAN. They needed the money pretty badly?

Mr. FOLWELL. Well, the time was short, as I understood. It was right before the primary.

The CHAIRMAN. What was to be done with this money?

Mr. FOLWELL. I think the money was to pay the watchers. That is my impression.

The CHAIRMAN. Somebody told you it was to pay watchers, did they not?

Mr. FOLWELL. I am not quite sure. I would say they did. I got that impression.

* * * * *

Vare-Beidleman expenditures

(Expenses exclusively in behalf of Beidleman's candidacy omitted)

Personal expenditures by William S. Vare.....	\$71, 436
Reported by Vare-Beidleman organization.....	483, 838
Expenditures of Beidleman committee.....	105, 464
Expenditures of county committees (only 18 reporting).....	12, 359
R. B. Strassburger, modification committee.....	16, 806
Total unpaid bills reported.....	96, 031
 Total.....	 785, 934

Representative Vare testified that his personal expenditure of \$71,436, which amounts to 8 per cent of the total expended in the

interest of his candidacy, was entirely spent for campaign letters. At his estimate of 6½ cents as the average cost of each letter, this amount of money would have paid for over 1,000,000 letters.

The largest reported items of expenditures in each of the senatorial primary candidates' behalf was for alleged "publicity," letter writing, newspapers and billboard advertising, public speakers, and the like.

The next largest item was for watchers. This item will be covered in a separate section of this report.

The committee is reluctant to characterize the testimony of witnesses. It feels, however, compelled to say that a number of the witnesses who admitted they had turned over to the Vare campaign committee various large sums of money failed to satisfactorily account for the possession of these moneys or the sources from which the moneys were derived. In other instances, witnesses claimed to have carried large sums of money in their pockets or to have had large sums of money in safe deposit boxes and did not give to the committee convincing statements as to the sources from which these moneys were received or why they were thus carried or kept. In other instances, the alleged contributions were out of all proportion to the income or financial worth of these alleged contributors. The testimony must be read to be fully appreciated. Only a few brief excerpts are herein set forth.

The largest individual contributor to the Vare campaign appears from the testimony to be Robert M. Greenfield, alleged wealthy real estate dealer of Philadelphia and the adviser in such matters to various public utilities of the State.

Mr. Greenfield was subpoenaed by your committee and when asked to state his connection with the campaign in any way, replied that he "solicited some contributions for the campaign and turned them over to the treasurer * * * I have no other connection with it."

The testimony elicited from other witnesses indicated that very large contributions had been obtained from Greenfield. He was thereupon recalled to the stand and then admitted that he contributed \$125,000. The pertinent portion of his testimony when recalled, is given as follows:

The CHAIRMAN. Your name is Albert M. Greenfield?

Mr. GREENFIELD. Albert M. Greenfield.

The CHAIRMAN. You reside in Philadelphia?

Mr. GREENFIELD. I do.

The CHAIRMAN. You are the gentleman who on June 9 appeared before this committee in response to a subpoena and stated to members of the committee through your friends that you were not treasurer of the Vare committee and that we had gotten the wrong man, evidently, and thereupon I asked you some questions merely for the record, although you were not under oath. You are that same gentleman?

Mr. GREENFIELD. I am.

The CHAIRMAN. You answered in this form [reading]:

"The CHAIRMAN. You stated to Senator Goff and myself, I believe, that you had nothing to do with the Pepper campaign whatever?"

"Mr. GREENFIELD. No; I had nothing to do with the Pepper campaign; surely not, because I supported Senator Vare; and I was not treasurer of the campaign, though I see it was quoted in the paper that I was.

"The CHAIRMAN. Were you connected with the campaign in any way?"

"Mr. GREENFIELD. I solicited some contributions for the campaign and turned them over to the treasurer. All checks were made payable to him. I had no other connection with it. I never made any disbursements."

Then Senator Goff asked you:

"Would you come back at any time you were telegraphed for?"

"Mr. GREENFIELD. Yes, indeed; whenever you want me I will come back."

Thereupon, after two or three more informal questions, you were asked this [reading]:

"The CHAIRMAN. Just tell us, before you go, although you are not under oath now, how much money did you collect?"

"Mr. GREENFIELD. I really kept no record, Senator. All those checks were made payable to the treasurer of the Vare campaign, but I should imagine I collected \$50,000."

You made those statements?

Mr. GREENFIELD. I did, sir.

The CHAIRMAN. It has since come out in these hearings that you probably did have something else to do with the campaign of Mr. Vare except to collect money. Now, I want you to tell us all you had to do with it.

Mr. GREENFIELD. Well, in the first instance, Senator, I asked to be excused that day, as I had some very important business in Philadelphia, fully intending to come back upon your invitation; and, having been invited to attend this morning, I am here. I had very little more to do with the campaign, except to have made the contribution that was reported here, and to have collected the approximate sum of \$50,000, as I stated to you when I last appeared. There was some intimation in the newspapers that there was some discrepancy in my statement. Well, there was no discrepancy in my statement, because, in the first instance, you did not ask me whether I made a contribution; in the second instance, you did not ask me how much I contributed, and in the third instance, I felt that it might be boastful if I should offer information which in itself was in the record of the treasurer of the campaign committee, and which I felt would be offered when the treasurer was called; and I also expected to be recalled, and I asked to be excused that day so that I could hurry back to Philadelphia, where I had some important business to attend to.

I had no intention, as I have not any now, to withhold any information from you that I may possess and which you may want.

The CHAIRMAN. Well, I do not care to haggle about it. The record is here and speaks for itself. The question was asked, "Were you connected with the campaign"—meaning the Vare campaign—"in any way?" You * * * answered:

"I solicited some contributions for the campaign and turned them over to the treasurer. All checks were made payable to him. I had no other connection with it. I never made any disbursements."

Now, you did have connection other than the mere soliciting of contributions?

Mr. GREENFIELD. That was my only connection, Senator, with the campaign.

The CHAIRMAN. Was it?

* * * * *

Mr. GREENFIELD. I had no other, excepting that as a member of the business men's committee, the Vare committee, I solicited these contributions to the campaign, obtained them, and sent them to Watson, the treasurer of the campaign committee, or took them to him. That was my only connection with the campaign.

The CHAIRMAN. Did you give any money?

Mr. GREENFIELD. Yes, indeed; I gave them——

The CHAIRMAN. All right; that is a very important connection. How much did you give?

Mr. GREENFIELD. I contributed \$125,000. (Pp. 903-905)

Mr. Greenfield further stated that of this sum, he obtained \$100,000 from banks of which he was an officer and that Representative Vare signed these notes jointly with him because of that fact. Mr. Greenfield paid the notes himself (p. 935).

The CHAIRMAN. Have those notes been paid yet?

Mr. GREENFIELD. Yes.

The CHAIRMAN. Who paid them?

Mr. GREENFIELD. I did.

The CHAIRMAN. By check?

Mr. GREENFIELD. Yes.

The CHAIRMAN. Who paid you?

Mr. GREENFIELD. Nobody.

The CHAIRMAN. Nobody gave you any contribution at all?

Mr. GREENFIELD. No, sir; it was my own contribution.

The CHAIRMAN. Your credit was good at these banks? You could have borrowed the money of these banks, could you not?

Mr. GREENFIELD. Well, I am an officer and director of these banks, and under the rules we are limited in amount; so that, these are small institutions and the joint borrowings of directors would not permit of more borrowing except on other paper; and therefore I got this accommodation paper from Vare to enable me to get the money to make this contribution.

The CHAIRMAN. Are these all of the notes that you signed with Vare?

Mr. GREENFIELD. That is all he gave me; \$100,000 in notes, and these are the notes.

In connection with the amount of Mr. Greenfield's contribution, your committee directs attention to the following testimony:

The CHAIRMAN. Have you ever made any large contributions to campaigns before this time?

Mr. GREENFIELD. This was the largest I have ever made.

The CHAIRMAN. It was the largest you ever made before this time?

Mr. GREENFIELD. I have given \$5,000 and \$10,000 and maybe more—\$15,000 or \$20,000. I don't really recall. But I have always made contributions to campaigns of the Republican Party.

The CHAIRMAN. For how many years?

Mr. GREENFIELD. For 8 or 10 years back, starting with possibly \$1,000.

The CHAIRMAN. Have you been appointed to any office since the Vare campaign?

Mr. GREENFIELD. I was elected a member of the board of trusts by the board of judges. That is hardly an office, but it is an honor.

The CHAIRMAN. That board controls a vast sum of money, does it not, and vast properties?

Mr. GREENFIELD. It is a charity.

The CHAIRMAN. It controls vast funds?

Mr. GREENFIELD. Oh, yes.

The CHAIRMAN. Among others, it controls the Girard Estate, does it not?

Mr. GREENFIELD. It has control of the Girard Estate; yes.

The CHAIRMAN. What is the character of the properties that this trust which you belong to controls? What is the character of those properties?

Mr. GREENFIELD. I do not really know, but I should imagine it runs into a couple of hundred million.

The CHAIRMAN. Do you have control of the income?

Mr. GREENFIELD. The board of city trusts collects the income and expends it in the maintenance of Girard College and other charities.

The CHAIRMAN. It invests the income, too?

Mr. GREENFIELD. The finance committee, I imagine, of the board of city trusts, invests it.

The CHAIRMAN. You do not know, as a trustee, just what they do do?

Mr. GREENFIELD. I was just appointed during the month and have attended one meeting.

The CHAIRMAN. How soon after you made this contribution were you appointed to this important position?

Mr. GREENFIELD. The vacancy occurred a few weeks ago, and I was appointed to fill that vacancy.

The CHAIRMAN. How did it occur?

Mr. GREENFIELD. By the death of Mr. William Potter, who was a member of the board of city trusts. There are, I think, 9 or 11 members of the board of city trusts.

(Pp. 905-6)

Another cash contributor to the Vare campaign was Thomas S. Watson, sr., a coal dealer of Philadelphia. He claims to have contributed \$25,000. He, however, testified that the average daily gross receipts from his coal business amounted only to from \$200 to \$300 a day.

Edward M. Kenna, road commissioner for Allegheny County and treasurer of the Vare campaign committee in Pittsburgh and Western Pennsylvania, claims to have contributed \$23,700. He likewise stated that this was the largest campaign contribution he had ever

made. His compensation as road commissioner is only \$6,500 per annum.

John A. Fugassi, also a member of the Allegheny Highway Department, claims to have contributed \$10,000, and Charles Anderson, city councilman of Pittsburgh, pretends to have contributed \$3,000.

Pertinent portions of Mr. Fugassi's testimony follow:

The CHAIRMAN. Now, being situated in this way financially, and with your living expenses for yourself and your wife only running about \$2,000 a year, you want us to understand—

Mr. FUGASSI. No; I—well—

The CHAIRMAN. You want us to believe that you took \$10,000 of your money, enough to pay the total expenses of your wife and yourself for five years, and dumped it into a campaign?

Mr. FUGASSI. I done this because Mr. Kenna has been a real close personal friend of mine for 25 years, and when I went in this fight we thought that we were going to get some help.

The CHAIRMAN. From where?

Mr. FUGASSI. Well, I mean—that is, political help from individuals in Allegheny County.

The CHAIRMAN. You mean money; some help through money?

Mr. FUGASSI. No; not exactly money.

The CHAIRMAN. What has this got to do with it, then, if it was not money?

Mr. FUGASSI. I will tell you. Mr. Kenna asked me at that time if I would stick with them, and I said I would.

The CHAIRMAN. When did he ask you that?

Mr. FUGASSI. That was around the first part of April or the latter part of March.

The CHAIRMAN. Yes.

Mr. FUGASSI. So that I told him I would go along with him, and money was not talked about at that time. So that it came down that evening, he said to me, "We are going to be up against it to make a respectable showing in Allegheny County against the odds." He said, "I am going to hook"—I mean he was going to sink and go the limit, and he says, "John, how far can you go with me?" Well, I told him he could have anything I had. That is just the way that I put it. I said, "Eddie, you can have anything I have got." [Laughter.]

* * * * *

The CHAIRMAN. What were you to get out of this contribution?

Mr. FUGASSI. Nothing at all.

The CHAIRMAN. Did you ever make a contribution like that before in a political campaign?

Mr. FUGASSI. I have made contributions, but never like that.

The CHAIRMAN. What is the largest contribution you ever made in a campaign?

Mr. FUGASSI. \$800.

The CHAIRMAN. When was that?

Mr. FUGASSI. A good while ago. It was in one of the county fights.

* * * * *

The CHAIRMAN. What was the next largest campaign contribution you ever made?

Mr. FUGASSI. \$200.

The CHAIRMAN. When was that?

Mr. FUGASSI. In one of the county fights, two years ago—three years ago.

The testimony of Mr. Charles Anderson, who, as has been stated, pretended to have contributed \$3,000, is far too incoherent to quote. He seems to have had no very clear idea of the transactions himself.

The story told by Anderson did not at all convince the committee that he was either financially able to have contributed \$3,000, or he did in fact contribute that amount from his own moneys, although it is probably true that he did hand that amount of money to the campaign committee. His testimony will be found on page 804 and following pages and page 895 and following pages.

Attention should be directed to the manner of conducting the finances of the Vare-Beidleman campaign committee in Philadelphia; particularly of the large sums of cash sent by Thos. F. Watson, sr., the treasurer, to Eddie Kenna, treasurer of the Vare-Beidleman organization in Pittsburgh:

The CHAIRMAN. Did you become treasurer of the Vare-Beidleman campaign committee by virtue of being chairman of the regular Republican city committee?

Mr. WATSON. Oh, no; not by virtue of that.

The CHAIRMAN. Well, then, who elected you as treasurer of the Vare-Beidleman campaign committee?

Mr. WATSON. Nobody. Mr. Vare asked me if I would serve as treasurer of his committee, and I said yes, I would. I was anxious to serve.

* * * * *

The CHAIRMAN. Very well. Now, did you as treasurer of the campaign committee keep a set of books?

Mr. WATSON. Yes, sir.

The CHAIRMAN. Have you the books here?

Mr. WATSON. Yes, sir.

The CHAIRMAN. Before we go into the books, the \$15,000 which you gave to Mr. Ed Kenna you gave to him in cash?

Mr. WATSON. Yes.

The CHAIRMAN. Do you know what he did with it immediately that he got it?

Mr. WATSON. No, sir. He put it in his pocket, of course.

The CHAIRMAN. It was in large bills, then, I take it?

Mr. WATSON. Well, yes; it was in pretty fair bills.

The CHAIRMAN. \$15,000 in \$1 bills would make a pretty large bundle.

Mr. WATSON. Well, I know, but these were pretty good-sized bills.

The CHAIRMAN. Now, do you say that that money was contributed that same day in cash and delivered to you before you took it over to Mr. Kenna?

Mr. WATSON. No.

The CHAIRMAN. Where did you get the money from?

Mr. WATSON. From contributions.

The CHAIRMAN. Made that day?

Mr. WATSON. No.

The CHAIRMAN. Did you have a bank account?

Mr. WATSON. Yes.

The CHAIRMAN. Did you draw this money out of the bank?

Mr. WATSON. No.

The CHAIRMAN. Then who gave you the \$15,000?

Mr. WATSON. Why, I would not be able to tell you until I looked it up here. There were different people who gave me the various sums. I would not be able to tell you just who they were.

* * * * *

The CHAIRMAN. What was your custom there with reference to making deposits in a bank? Did you have a bank account that you opened?

Mr. WATSON. Yes, sir.

The CHAIRMAN. Did you put into the bank all of the money that you collected?

Mr. WATSON. No; no. I opened a bank account at the People's Bank & Trust Co. on April 1.

The CHAIRMAN. Did you bring your checks with you?

Mr. WATSON. Yes, sir.

* * * * *

The CHAIRMAN. The checks that you have piled on the table are the checks that your committee paid out?

Mr. WATSON. Yes, sir.

* * * * *

The CHAIRMAN. This bank book that you have produced here on the People's Bank & Trust Co. of Philadelphia is the book that contains all of the deposits that you made in any bank?

Mr. WATSON. Yes, sir.

The CHAIRMAN. What is the total of those deposits? Have you ever totaled them up?

Mr. WATSON (referring to slip). \$253,659.72.

The CHAIRMAN. That is the total of all the moneys you ever put in the bank?

Mr. WATSON. Yes, sir. Here is the bank return.

The CHAIRMAN. Thank you, sir. All right. On April 20 you sent by Mr. Thomas F. Watson, jr., to Mr. Kenna, \$20,000. Did you draw that out of the bank?

Mr. WATSON. No, sir. That was a separate fund.

The CHAIRMAN. A separate fund?

Mr. WATSON. A separate fund; yes, sir.

The CHAIRMAN. Was the \$15,000 part of that separate fund?

Mr. WATSON. Yes, sir.

The CHAIRMAN. And was the \$20,000 that was sent to Kenna on May 1 part of the separate fund?

Mr. WATSON. Yes, sir.

The CHAIRMAN. And the \$15,000 on May 12 was a part of the separate fund?

Mr. WATSON. Yes, sir.

The CHAIRMAN. There was \$70,000, then, in that separate fund. That is right, is it?

Mr. WATSON. Yes.

The CHAIRMAN. That \$70,000 never saw a bank?

Mr. WATSON. No, sir.

The CHAIRMAN. Between the time it got to you and the time that it got to Mr. Kenna; that is right?

Mr. WATSON. That is right.

The CHAIRMAN. Where was that fund kept?

Mr. WATSON. Well, that came in—I did not keep it such a long while anywhere. As I got my collections, it came in in various amounts.

The CHAIRMAN. Does your book show the receipt of these moneys?

Mr. WATSON. The receipt of them?

The CHAIRMAN. Of this \$70,000?

Mr. WATSON. No; no, it does not show the receipt of that here [indicating front of book], but it shows it here [indicating back of book].

The CHAIRMAN. You have handed me a book marked "Journal" on the outside, which the reporter has marked "Exhibit No. 56." Is that your book which you kept as treasurer of the Vare campaign?

Mr. WATSON. Yes, sir.

(The book referred to was marked "Exhibit No. 56.")

The CHAIRMAN. Is it the only book you ever had?

Mr. WATSON. This, and this one here [indicating another book].

The CHAIRMAN. Let me see the other one. The other book is marked on the back "Cash," and bears the indorsement on the title-page inside, "Disbursements of the William Vare campaign committee." [To the reporter:] Mark that "Exhibit 57."

(The book referred to was marked "Exhibit 57.")

The CHAIRMAN. Do these two books, Exhibit 56 and Exhibit 57, constitute all of the books that you kept as treasurer of the committee?

Mr. WATSON. Yes, sir.

The CHAIRMAN. Did anybody else keep any books in which the accounts of the committee were kept?

Mr. WATSON. No, sir.

The CHAIRMAN. Did you have any memoranda that you kept from time to time and afterwards translated into the books?

Mr. WATSON. No, sir. That is kept from day to day.

The CHAIRMAN. These are your books of original entry?

Mr. WATSON. Yes.

The CHAIRMAN. Made from day to day?

Mr. WATSON. Yes, sir.

The CHAIRMAN. And who was it that did the actual work of making the entries in Exhibit 56?

Mr. WATSON. My son.

The CHAIRMAN. Your son, Thomas F. Watson, jr.?

Mr. WATSON. Yes.

The CHAIRMAN. He was the only bookkeeper who worked on that book?

Mr. WATSON. That is all.

The CHAIRMAN. Who was it that made the entries in Exhibit 57?

Mr. WATSON. He did.

The CHAIRMAN. Thomas F. Watson, jr.—is that right?

Mr. WATSON. Yes, sir.

The CHAIRMAN. Is he a bookkeeper by profession, or just as a matter of experience?

Mr. WATSON. No; just as a matter of experience. He has had that experience. He is the only man that I wanted to trust the money with.

* * * * *

The CHAIRMAN. Will you tell me why this \$70,000 was kept in a separate account or not put into the bank at all—kept in a separate pot?

Mr. WATSON. Senator, you must remember that in handling all these things you do not always get them at once. We had to write and hustle around for to get some money.

The CHAIRMAN. Yes.

Mr. WATSON. And we did not get it all in at once.

The CHAIRMAN. No; but you put your other moneys in the bank except \$70,000.

Mr. WATSON. Oh, my, no, no, no—more than that. We did not do that, but that is just one. We came on here to the city committee and the various county organizations, and we paid this all in cash, which there is a receipt for—that is, some few county leaders from all around—and we gave that to them just the same, and that money did not come in to us all at once.

* * * * *

The CHAIRMAN. How did you first come to create a fund for the purpose of sending it over to Mr. Kenna? You have told us that the chairman of your committee, Mr. Mackey, had said that Kenna would be down for some money, and that you were to give him \$15,000, and you did do that. Subsequently Mr. Mackey told you that Mr. Kenna needed some more money—is that the way it was?—and you sent your son up with \$20,000?

Mr. WATSON. Yes. Well, Kenna could not come down. It was a good distance away, and the boy had more time than he had, and I voluntarily sent him; but he did not know what was in the package.

The CHAIRMAN. Tell us all about how you came to send this money up to Kenna. Just tell us the story of it just as it occurred. Who was it that told you—

Mr. WATSON. I do not know that there is anything that I can tell you. There is nothing that I can tell you, any more than that I had the money there to send there, and that Mackey came along and told me about the various amounts that he wanted; in his budget made up was \$70,000 that he would want, and it was to go to Pittsburgh, and we gave it to him in various lots. We could not give it to him all at once, because we did not have it.

The CHAIRMAN. When these contributions were made, were they made particularly to go to Pittsburgh?

Mr. WATSON. Oh, no.

The CHAIRMAN. How much more than the \$70,000 that went to Kenna was in this fund that did not go into the bank?

Mr. WATSON. How much more?

The CHAIRMAN. Yes.

Mr. WATSON. Well, there was \$161,095.

Senator GOFF. Was the \$70,000 included in that amount?

Mr. WATSON. No, no; the \$70,000 was deducted from that.

Mr. WATSON, Jr. From the original amount.

Mr. WATSON. Because he said, "How much more was there that did not go into the fund?" Was not that what you said?

Senator GOFF. I understood you to say that the \$161,095 was a fund in cash other than the amount that went into the bank.

The CHAIRMAN. No.

Senator KING. No; he did not.

The CHAIRMAN. To this, then, we must add the \$70,000 that did not go into the bank?

Mr. WATSON. Yes, sir; making \$231,095.

Senator GOFF. That is \$484,754.72. That comprises the amount of cash on hand and the amount that found its way into the bank?

Mr. WATSON. Yes.

Senator GOFF. That is correct?

Mr. WATSON. Yes. I do not know just the amount.

The CHAIRMAN. How much?

Senator GOFF. I figure it \$484,754.72.

* * * * *

The CHAIRMAN. That is right. Mr. Watson, how much money did you contribute yourself?

Mr. WATSON. \$25,000.

The CHAIRMAN. Who helped to make that up to you?

Mr. WATSON. Who helped to do what?

The CHAIRMAN. Make up that amount of money to you.

Mr. WATSON. Nobody.

The CHAIRMAN. Did you draw a check on your bank for it?

Mr. WATSON. No.

The CHAIRMAN. Where did you get it?

Mr. WATSON. I had it in my safe.

The CHAIRMAN. \$25,000?

Mr. WATSON. Well, at times; yes—various times.

The CHAIRMAN. You took that \$25,000 out of your safe?

Mr. WATSON. Yes.

The CHAIRMAN. And it was your own money that you gained in your own business?

Mr. WATSON. Yes.

The CHAIRMAN. You had a bank that you banked in?

Mr. WATSON. Yes; sure.

The CHAIRMAN. What was your balance in your own bank on April 1, 1926?

Mr. WATSON. I do not know.

The CHAIRMAN. Who gave you that \$25,000, or part of it?

Mr. WATSON. Who gave it to me?

The CHAIRMAN. Yes.

Mr. WATSON. Why, no one.

The CHAIRMAN. You gave \$25,000 of your own money to this campaign fund, and nobody contributed any part of that money to you or agreed ever to pay it back to you?

Mr. WATSON. Yes, sir.

The CHAIRMAN. Have you been in the habit of subscribing sums like that to campaigns?

Mr. WATSON. No, no. I have subscribed sums, but nothing as big as that; because I told Bill Vare that if he was a candidate I would give him \$25,000.

The CHAIRMAN. How long had you had that \$25,000 in your safe?

Mr. WATSON. Oh, well, various lengths of time.

The CHAIRMAN. No; you could not have had \$25,000 in there various lengths of time.

Mr. WATSON. What is the reason I could not?

The CHAIRMAN. Because it would only be in there one time, if it was one day or two months.

Mr. WATSON. No, no. That would make it various times.

The CHAIRMAN. How many days had you had that \$25,000 in your safe?

* * * * *

The CHAIRMAN. When you got money together to send by your son up to Kenna, you did not take it out of the bank in any instance?

Mr. WATSON. No, sir.

The CHAIRMAN. You took it from moneys that had been carried in there to you as treasurer, and you took that money and sent it up?

Mr. WATSON. Yes, sir.

The CHAIRMAN. You say it was some distance up to Pittsburgh. Why did you not put the money in the bank and send Mr. Kenna a draft?

Mr. WATSON. I do not know why I did not do it, but I did not do it. I know of no particular reason.

The CHAIRMAN. If you owed me \$25,000 in Kansas City, you would not think of sending a messenger out there with it, would you?

Mr. WATSON. Oh, well, now, that is a different thing.

The CHAIRMAN. That would be a straight transaction. What is the difference between this and that?

Mr. WATSON. Well, nothing that I can say, but I sent this boy with this because I wanted him to have it. He did not know what he was taking.

The CHAIRMAN. The boy did not know what he was taking?

Mr. WATSON. No.

The CHAIRMAN. You were not afraid to let your own son know, were you?

Mr. WATSON. Well, that is all right; I did not do it.

The CHAIRMAN. Did you tell him it was money?

Mr. WATSON. Yes.

The CHAIRMAN. But you did not tell him just how much?

Mr. WATSON. No, sir.

The CHAIRMAN. You handed it to him in bills, did you?

Mr. WATSON. No, sir; I handed it to him in an envelope.

The CHAIRMAN. The bills were in the envelope?

Mr. WATSON. Yes, sir.

The CHAIRMAN. And what did he do with the envelope?

Mr. WATSON. Who?

The CHAIRMAN. The son.

Mr. WATSON. Put it in his pocket and went on his way.

The CHAIRMAN. Did that happen with reference to each of these three sums of money that you sent up there?

Mr. WATSON. Three individuals; yes.

The CHAIRMAN. When you took the money, the first \$15,000, to Kenna, did you have that in an envelope, too?

Mr. WATSON. No.

The CHAIRMAN. That was in bills?

Mr. WATSON. Yes.

The CHAIRMAN. Your son knew he was carrying considerable sums of money up there, of course. You did not send him up there with a lot of money like that without telling him he had a lot of money to look after?

Mr. WATSON. Well, he knew that he had money, and he was going on to deliver it.

* * * * *

Thomas Cunningham, clerk of the court of quarter sessions of Philadelphia, and treasurer of the State Republican committee, pretends to have contributed \$50,000 to the Vare campaign fund. A subpoena was issued for his appearance early in June. A diligent search failed to locate him. Finally, Representative Golder, of the fourth district of Pennsylvania, communicated with the committee, stating that Cunningham would accept service. His whereabouts was disclosed and he was served. He appeared before your committee in its session in the Federal Building in the city of Chicago on July 29, 1926. With him appeared Representative Benjamin M. Golder, who stated that Mr. Cunningham had requested that he be permitted to attend as his attorney. Mr. Cunningham, both for himself and through his attorney, protested the jurisdiction of your committee and refused to answer questions put to him and denied the committee any information beyond the following facts of his name, residence, and occupation as clerk of the quarter sessions court; that he contributed \$25,000 to the Vare campaign fund through Thomas F. Watson on April 10, 1926, and \$25,000 on April 13.

His testimony is here reproduced in full and made a part of this report for such action as the Senate may deem proper:

TESTIMONY OF THOMAS W. CUNNINGHAM

(The witness was sworn by the chairman.)

The CHAIRMAN. Let the record show the appearance of Mr. Golder.

Mr. GOLDER. Mr. Chairman, in the event that a question is asked which I consider one which Mr. Cunningham should not answer, may I address myself to the Chair or to Mr. Cunningham?

The CHAIRMAN. It would be entirely proper for you to address yourself to the Chair and state your objection, the same as you would to a court.

What is your full name, Mr. Cunningham?

Mr. CUNNINGHAM. Thomas W. Cunningham.

The CHAIRMAN. Where do you reside?

Mr. CUNNINGHAM. 2116 Cherry Street, Philadelphia.

The CHAIRMAN. How long have you resided in Philadelphia?

Mr. CUNNINGHAM. My whole life.

The CHAIRMAN. What is your occupation or business?

Mr. CUNNINGHAM. Clerk of the quarter sessions court.

The CHAIRMAN. With what political organization were you connected during the recent primary in Pennsylvania—the last primary?

Mr. CUNNINGHAM. The Republican organization of Philadelphia County.

The CHAIRMAN. Who was the chairman of that organization?

Mr. CUNNINGHAM. Thomas F. Watson.

The CHAIRMAN. And what candidate for the Senate was that organization supporting?

Mr. CUNNINGHAM. Congressman Vare—W. S. Vare.

The CHAIRMAN. Did you collect any money for use in that campaign?

Mr. CUNNINGHAM. I did not.

The CHAIRMAN. Was any money given to you for use in that campaign?

Mr. CUNNINGHAM. Not one cent.

The CHAIRMAN. I mean to include in money, of course, checks or drafts or anything—

Mr. CUNNINGHAM. No check, no drafts, or anything.

The CHAIRMAN. That you got money on?

Mr. CUNNINGHAM. No, sir.

The CHAIRMAN. Did you handle any money in that campaign?

Mr. CUNNINGHAM. I did not.

The CHAIRMAN. Did you deliver any money to any person?

Mr. CUNNINGHAM. I did.

The CHAIRMAN. That is handling money, Mr. Cunningham?

Mr. CUNNINGHAM. I did not catch your way of saying that.

The CHAIRMAN. Very well. To whom did you give any money?

Mr. CUNNINGHAM. I handed money to Thomas F. Watson, \$25,000, on the 10th day of April, 1926.

The CHAIRMAN. Where did you get that money?

Mr. CUNNINGHAM. I got that money out of my own private funds.

The CHAIRMAN. How is that?

Mr. CUNNINGHAM. Out of my own private funds.

The CHAIRMAN. Your own private moneys?

Mr. CUNNINGHAM. Yes, sir; my own money; my own money.

The CHAIRMAN. How long had it been your own money?

Mr. GOLDER. Mr. Chairman, may I state an objection at this time?

The CHAIRMAN. You may.

Mr. GOLDER. I have advised Mr. Cunningham that, in my judgment, this committee has no jurisdiction to inquire into the primary election held in Pennsylvania; that it is only a local matter for the Commonwealth of Pennsylvania; and that in my professional judgment he can answer those questions which he sees fit dealing with the primary election, and that he may refuse to answer those questions which he considers his own personal business. I have further advised Mr. Cunningham that he need not disclose to this committee from what part of his personal estate, or personal fortune, he paid the money to Mr. Watson that he did pay during this last campaign in Pennsylvania.

I thought I would state that as a matter of record so that I would not have to object each time a question was asked.

The CHAIRMAN. What was my last question?

(The question was read by the reporter as follows:)

“The CHAIRMAN. How long had it been your own money?”

Mr. CUNNINGHAM. I refuse to answer that question, Senator, as a personal question. It is my own private business.

The CHAIRMAN. Where did you get this \$25,000 you say you gave to Mr. Watson?

Mr. CUNNINGHAM. I refuse to answer that question. I think that is personal.

The CHAIRMAN. Where were you keeping this \$25,000 before you gave it to Mr. Watson?

Mr. CUNNINGHAM. That is another personal question, Senator. I refuse to answer it.

The CHAIRMAN. Did you give this money to Mr. Watson in cash or by check?

Mr. CUNNINGHAM. I gave it to him as cash.

The CHAIRMAN. Where were you when you gave it to him?

Mr. CUNNINGHAM. I took it down to his headquarters at the Walton Hotel on the 10th day of April.

The CHAIRMAN. Did you have it in your pocket when you gave it to him—before you gave it to him?

Mr. CUNNINGHAM. Yes, sir.

The CHAIRMAN. Where did you get it from to put in your pocket?

Mr. CUNNINGHAM. That is a personal question, and I decline to answer it.

The CHAIRMAN. How long had you had this money in your possession?

Mr. CUNNINGHAM. That is another personal question, and I decline to answer it. It was my own money, and I do not think I should tell the public where I kept it and how I got, or anything else about it.

The CHAIRMAN. How long have you been clerk of the quarter sessions court?

Mr. CUNNINGHAM. Twenty-one years the 1st of January, 1926.

The CHAIRMAN. What is the salary of that position?

Mr. CUNNINGHAM. \$8,000 a year.

The CHAIRMAN. Was this money which you refer to as the \$25,000 that you gave to Watson, savings from your salary?

Mr. CUNNINGHAM. That is another personal question. I can not answer that.

The CHAIRMAN. Unfortunately, a good many questions are personal.

Mr. CUNNINGHAM. Yes. I think a man's own money is one of his own personal privileges, and he is not supposed to tell how he got it or how he saved it. I think that is a rather unfair question to ask me, how I got the money, how I saved it, and what I done with it.

The CHAIRMAN. I dare say. Is there anything wrong or wicked or crooked about the way you got this money, so that it will embarrass you to answer the question or will subject you to criminal prosecution?

Mr. GOLDER. I think that is an unfair question, Senator, and I advise Mr. Cunningham to disregard it.

The CHAIRMAN. If you were to answer the questions I have asked you with regard to the sources from which and the way in which this money came to you, would it tend to subject you to criminal prosecution or public contempt or obloquy?

Mr. GOLDER. Senator Reed, I think that question is objectionable in form and the way in which it is put, and I advise Mr. Cunningham not to consider it, or not to answer it.

The CHAIRMAN. Do you refuse to answer, Mr. Cunningham?

Mr. CUNNINGHAM. Yes; I refuse to answer.

Mr. GOLDER. You see, Senator, when you ask a question which you know that I have advised Mr. Cunningham not to answer, and put it in such a way as you have, it necessarily implies something which is unsavory, and I think it is an unfair way for you to treat a witness.

The CHAIRMAN. Well, now, we have permitted you to sit here as an act of courtesy, but we will not permit any criticism of the committee from you.

Mr. GOLDER. Senator Reed, you have permitted Mr. Cunningham to have his attorney here, and I assume you will not compel me to advise Mr. Cunningham except as I think best.

The CHAIRMAN. You will maintain a respectful and decent attitude or you will not sit at this table very long as anybody's attorney.

Mr. GOLDER. Senator Reed, I have the utmost respect for the committee and for its membership.

The CHAIRMAN. You may make your objections and make them in a proper way.

Mr. Cunningham, is there any other reason than the one you have given, or are there any other reasons than those you have given, why you refuse to answer the questions that have been put to you touching the sources from which the \$25,000 came? Have you any other reasons than those you have given?

Mr. CUNNINGHAM. That is all, Senator; just personal reasons.

The CHAIRMAN. Very well; that is all I want to cover.

Mr. CUNNINGHAM. All right, sir.

The CHAIRMAN. Where were you when the subpoena was issued for you from this committee, while it was having its sessions in Washington?

Mr. CUNNINGHAM. I went on a vacation on the 19th day of June and did not get back until the 8th day of July.

The CHAIRMAN. Where were you during that interval?

Mr. CUNNINGHAM. I was on an automobile tour up through the southern coast of New Jersey.

The CHAIRMAN. What places did you visit?

Mr. CUNNINGHAM. I think that is a private, personal question, Senator. I would not answer it.

The CHAIRMAN. Where did you stay nights?

Mr. CUNNINGHAM. I think that is another private question, as I have said. What material difference does it make? I am not in the habit of having to tell where I went and what I done; never have in my life, Senator.

The CHAIRMAN. You knew that a subpoena had been issued for you, did you not?

Mr. CUNNINGHAM. The last three or four days I got in touch with the papers, and I found out that there were subpoenas, according to the newspapers, and I came back to Philadelphia on the 8th day of July.

The CHAIRMAN. Did you give any other money than the \$25,000 to anybody during this campaign?

Mr. CUNNINGHAM. Yes; on the 13th of April I gave Mr. Watson \$25,000 more.

The CHAIRMAN. So that you gave Mr. Watson a total of \$50,000?

Mr. CUNNINGHAM. \$50,000; of my own money.

The CHAIRMAN. Where did you get the second \$25,000 from?

Mr. CUNNINGHAM. I refuse to answer that question, Senator.

The CHAIRMAN. You refuse to tell the committee anything about where you received this money from?

Mr. CUNNINGHAM. Yes; I do.

The CHAIRMAN. The sources from which the money was received?

Mr. CUNNINGHAM. Yes.

The CHAIRMAN. How long had the money been in your possession? You refuse to tell that to the committee?

Mr. CUNNINGHAM. I certainly do, because I think that is a personal, private question.

The CHAIRMAN. How long had you been saving up or accumulating this \$50,000?

Mr. CUNNINGHAM. I do not like to object to your questions, Senator, because I think a man's own money—why, I don't want to make it public to the press, to the newspapers in Philadelphia, about my private affairs, how I got this money or how I saved it.

The CHAIRMAN. Have you inherited any considerable sums of money?

Mr. CUNNINGHAM. Never inherited a dollar in my life.

The CHAIRMAN. Have you been speculating in stocks or bonds or upon the board, so that you accumulated the money in that way?

Mr. GOLDER. I object to that question and advise Mr. Cunningham that he need not answer.

The CHAIRMAN. What does the witness say?

Mr. CUNNINGHAM. I refuse to answer.

The CHAIRMAN. Have you turned in on your tax returns any \$50,000 for taxation purposes?

Mr. GOLDER. I object to that question, Senator, and advise the witness that he need not answer.

Mr. CUNNINGHAM. I refuse to answer.

The CHAIRMAN. Have you paid to the State of Pennsylvania, the county in which you live, or the city in which you live, any taxes upon this \$50,000?

Mr. GOLDER. I object to that question, Senator, and advise the witness that he need not answer. As a matter of fact, there is no taxation in Pennsylvania on any such amount.

Mr. CUNNINGHAM. I refuse to answer, Senator.

The CHAIRMAN. Have you returned to the Federal Government this \$50,000 in any form?

Mr. GOLDER. I object to that question, Senator, and advise the witness he need not answer.

Mr. CUNNINGHAM. I refuse to answer.

The CHAIRMAN. Did you collect any money from persons employed either by the city of Philadelphia or by the State of Pennsylvania?

Mr. CUNNINGHAM. Not one dollar.

The CHAIRMAN. Were any moneys paid to you by any of these persons I have just referred to?

Mr. CUNNINGHAM. No, sir.

The CHAIRMAN. Do you know of any collection of money from State employees for political purposes?

Mr. CUNNINGHAM. I do not, Senator.

The CHAIRMAN. Do you know of any contributions by the employees of the city to the Vare campaign?

Mr. CUNNINGHAM. I will tell you for information that in the primary election there is never any assessment of any kind. In primary elections we never heard tell of any donations from employees.

The CHAIRMAN. In the primaries?

Mr. CUNNINGHAM. In the primary elections.

The CHAIRMAN. Do you know Martin Powers?

Mr. CUNNINGHAM. Yes, sir.

The CHAIRMAN. Did you spend any of this vacation at his home in New Jersey?

Mr. CUNNINGHAM. How is that?

The CHAIRMAN. Did you spend any part of your vacation in company with Mr. Martin Powers?

Mr. GOLDER. Mr. Chairman, I object to that question. The witness has already testified that he declines to state where and with whom he spent his vacation.

The CHAIRMAN. I did not ask him with whom he spent it until just now.

Mr. GOLDER. I advise the witness that he need not answer that question.

Mr. CUNNINGHAM. I refuse to answer the question, Senator.

The CHAIRMAN. Did you leave the city of Philadelphia with Mr. Powers?

Mr. GOLDER. I advise the witness that he need not answer that question, Senator.

Mr. CUNNINGHAM. I did not.

The CHAIRMAN. Did you leave the city of Philadelphia in an automobile?

Mr. GOLDER. I advise the witness that he need not answer that question, Senator, it being entirely immaterial and a personal matter.

Mr. CUNNINGHAM. I refuse to answer.

The CHAIRMAN. Whose car did you leave in?

Mr. GOLDER. I advise the witness that he need not answer that question.

Mr. CUNNINGHAM. I refuse to answer, Senator.

The CHAIRMAN. You say you know Mr. Powers. What is his business?

Mr. CUNNINGHAM. I have known Mr. Powers from boyhood. He is a member of the bar, an attorney at law.

The CHAIRMAN. Is he connected with a trust company in Philadelphia?

Mr. CUNNINGHAM. I do not know.

The CHAIRMAN. Did Mr. Powers formerly have a partner who is now president of a trust company?

Mr. GOLDER. I advise the witness that he need not answer that question.

The CHAIRMAN. Oh, well, now, that is getting to be sheer insolence, to advise a witness not to answer a question of that kind. It could not possibly harm this witness.

Mr. GOLDER. Perhaps not, Senator; but it might lead to other things. I think we ought to draw the line of advising the witness what he may answer and what he should not answer.

Mr. CUNNINGHAM. I do not know anything at all about that, Senator.

The CHAIRMAN. If you came here to tell this witness that he should not answer any question, whether it is pertinent or not, you are abusing the courtesy of the committee extended to you, whether it is a thing that could possibly affect his own honor or his own private business.

Mr. GOLDER. Senator, I do not agree with you; and I am sorry to disagree with you.

The CHAIRMAN. Well, I am sorry you do.

Mr. GOLDER. But I must use my own judgment.

The CHAIRMAN. You may use it as long as we permit you to sit here; but if you abuse the privilege, you will not sit here.

Mr. GOLDER. I do not intend to abuse it, Senator.

The CHAIRMAN. Well, you are abusing it. Did Powers formerly have a partner whose name began with "Mac"?

Mr. CUNNINGHAM. I do not know the first thing about it, Senator. I do not know anything at all about Powers's private business whatever.

The CHAIRMAN. Did you have in your possession, of your own money, 30 days before you say you gave this money to Watson, as much as \$1,000?

Mr. CUNNINGHAM. As much as \$1,000?

The CHAIRMAN. Yes.

Mr. CUNNINGHAM. Oh, yes, sir.

The CHAIRMAN. What bank do you bank in?

Mr. GOLDER. Mr. Chairman, I object to that question, and advise the witness that he need not answer.

The CHAIRMAN. What is the answer of the witness?

Mr. CUNNINGHAM. I refuse to answer.

The CHAIRMAN. Have you ever had a bank account anywhere?

Mr. CUNNINGHAM. Sure.

The CHAIRMAN. Where?

Mr. CUNNINGHAM. I have a bank account for my office.

The CHAIRMAN. A bank account in your office?

Mr. CUNNINGHAM. I say I have to run my office, and therefore I have to use a bank account for the proceeds of my office.

The CHAIRMAN. Is that your personal account?

Mr. CUNNINGHAM. One of them is; yes.

The CHAIRMAN. What bank is it in?

Mr. GOLDER. Senator, I object to that question and advise the witness he need not answer where he deposits his money, it being entirely a private matter.

Mr. CUNNINGHAM. I refuse to answer.

The CHAIRMAN. I do not intend to get into an argument with you, Mr. Golder. You know perfectly well that when a man states that he had \$50,000, and it was his own money, and assuming, now, that this committee has any jurisdiction—which I understand you challenge, and which you have a right to challenge—we have the right to test the reasonableness of that story. We are not concluded by the bald statement that it was the witness's own money; and so we have the right to know, assuming that we have any right at all to conduct this investigation, the source from which this money came, in order that we may ascertain whether, as a matter of fact, the witness did have it. So, with that explanation, I am asking the witness where he kept his bank account.

Mr. GOLDER. Senator, may I be permitted to state our position?

The CHAIRMAN. You have stated it, I think.

Mr. GOLDER. May I repeat it, then, in answer to what you have just said?

My position is that this committee had no right, in the first place, to inquire whether this witness contributed anything to the Pennsylvania primary. If the witness saw fit to state that he did, that does not waive any right that he may have to refuse to answer any other question connected or disconnected with the \$50,000. I do not think this committee had any right to inquire into the \$50,000 initially.

The CHAIRMAN. And, of course, you think that your opinion is the final word as to the law?

Mr. GOLDER. It will be with Mr. Cunningham, at least at this time.

The CHAIRMAN. We will ascertain whether that is true or not a little later. How long have you known Congressman Vare?

Mr. CUNNINGHAM. Ever since I have been a boy—35 or 40 years, I guess.

The CHAIRMAN. Were you in any way connected with his campaign committee, the committee which was conducting his campaign in the last primary?

Mr. CUNNINGHAM. Only in one way; I was for him after he concluded to be a candidate for United States Senator.

The CHAIRMAN. Did you ever talk with him?

Mr. CUNNINGHAM. I talked with him on several occasions about it.

The CHAIRMAN. With him during the campaign?

Mr. CUNNINGHAM. No, sir. This was prior to the campaign, before he came out as a candidate.

The CHAIRMAN. Did you urge him to come out?

Mr. CUNNINGHAM. No; I rather urged the other way, Senator.

The CHAIRMAN. When he did come out, you became one of his supporters?

Mr. CUNNINGHAM. Because our organization, as a rule—if the majority make up their mind to be for a candidate—the majority made up their minds for William S. Vare, and I went along with the majority.

The CHAIRMAN. When you speak of "our organization," what organization do you mean?

Mr. CUNNINGHAM. The Republican city committee of Philadelphia. We have 48 wards; 48 members of that committee.

The CHAIRMAN. Are you a member?

Mr. CUNNINGHAM. A member of that committee; yes sir.

The CHAIRMAN. For which ward?

Mr. CUNNINGHAM. The tenth ward.

The CHAIRMAN. During the campaign, then, after the organization resolved to support Vare, you gave him your loyal support?

Mr. CUNNINGHAM. Yes, sir.

The CHAIRMAN. Who asked you to make this contribution of \$50,000?

Mr. CUNNINGHAM. Nobody asked me, Senator. I will tell you the reason why I made this contribution.

I was a Penrose man to the day he died, in Philadelphia. Eddie Beidleman and Harry Baker have been the same as my two sons, and were very close friends of Penrose's to the day of his death. Beidleman's ambition was to be governor. I was for Beidleman four years ago. George Alder was picked, and he had to step aside. This time I thought that he would make the best governor Pennsyl-

vania ever had. I thought he was the most practical man in the State of Pennsylvania, a man who was a member of the legislature, State senator for four years, lieutenant governor four years, and a real man, and I thought he would make the best governor Pennsylvania ever had, and I was very fond of him. Now, that was my whole interest.

The CHAIRMAN. Had you ever made any such contribution as this before out of your own money?

Mr. CUNNINGHAM. Never before in my life. I had made small contributions, a hundred or five hundred dollars at different times, to help some poor fellow running for council.

The CHAIRMAN. Are you a man of considerable means, Mr. Cunningham?

Mr. CUNNINGHAM. Well, pretty fairly at the present time.

Mr. CHAIRMAN. Did you draw this money out of any bank?

Mr. CUNNINGHAM. No, sir.

The CHAIRMAN. How long had you had it in your pocket?

Mr. GOLDER. Mr. Senator, I think we have had that question up before, and I advised him not to answer.

Mr. CUNNINGHAM. I think I answered that before.

The CHAIRMAN. I thought you might change your mind.

Mr. CUNNINGHAM. No. You are so nice about it, anybody would change their mind if he felt inclined to change it, Senator.

The CHAIRMAN. I desire to be nice to everybody.

Mr. CUNNINGHAM. I know it; I have seen that since I have been here, the last four days.

The CHAIRMAN. You are the only man who has come here who has been unwilling to tell where he got his money.

Mr. CUNNINGHAM. Well, Senator, I am an American citizen. I was born in the greatest American city to-day in the United States, Philadelphia, and I have never been used to telling people where I went or what I done or how I made my money, and I am too old now to change my thought of mind.

The CHAIRMAN. You just formed the habit of independence?

Mr. CUNNINGHAM. I formed that habit through my late friend, Senator Penrose. I guess I learned that trick from him—saving money and putting it away and keeping it under cover. I have been with him, and I was his friend to the day he died.

The CHAIRMAN. You say you learned this habit of putting it away from Penrose?

Mr. CUNNINGHAM. Yes, sir. He was a past master in not letting his right hand know what his left hand done, and he dealt absolutely in cash. The "long green" was the issue.

The CHAIRMAN. Is there any danger involved in your right hand knowing what your left hand does?

Mr. CUNNINGHAM. Well, I never let it be known.

The CHAIRMAN. You do not even want to know, yourself?

Mr. CUNNINGHAM. Sometimes I really do not.

The CHAIRMAN. And that is one of the attributes of independence in Pennsylvania, is it?

Mr. CUNNINGHAM. Yes, sir.

The CHAIRMAN. That your right hand shall not know what your left hand does?

Mr. CUNNINGHAM. Yes, sir. If a great many people would do that, there would not be so much trouble in Chicago and other big cities.

The CHAIRMAN. That is, you mean by that, I think, Mr. Cunningham, that if you do a thing secretly enough, so that nobody ever finds out about it, you never have any trouble about it?

Mr. CUNNINGHAM. So long as you do it honestly it is all right, Senator.

The CHAIRMAN. And if you are doing it honestly, all the more reason for secrecy, I presume?

Mr. GOLDER. Senator, are you not really arguing with the witness?

The CHAIRMAN. I am trying to get the witness's mental slant on this. Mr. Cunningham, I want to be perfectly frank with you. It will be the duty of the committee to report you to the United States Senate for contempt. That is not a threat; we are not making threats. That is the fact. Then, of course, it will have to be determined whether you have to answer these questions. What the result may be will have to be determined by the Senate and possibly by the courts. I think it is only fair to make that statement to you, and having made it, I ask you if you adhere to the position you have taken in your various refusals to answer?

Mr. GOLDER. Senator, your voice dropped near the end; I do not think Mr. Cunningham heard all that you said.

The CHAIRMAN. The stenographer will read my statement.

(The reporter read as follows:)

"Mr. Cunningham, I want to be perfectly frank with you. It will be the duty of the committee to report you to the United States Senate for contempt. That is not a threat; we are not making threats. That is the fact. Then, of course, it will have to be determined whether you have to answer these questions. What the result may be will have to be determined by the Senate and possibly by the courts. I think it is only fair to make that statement to you, and having made it, I ask you if you adhere to the position you have taken in your various refusals to answer?"

Mr. CUNNINGHAM. I do, Senator.

The CHAIRMAN. Very well; that is all, sir.

DEMOCRATIC SENATORIAL PRIMARIES

Mr. Wilson ran without opposition in primaries.

Expenditures of William B. Wilson

Personal expenditures of Mr. Wilson.....	\$88. 21
Expenditures of Wilson-Porter ¹ campaign committee (approximately).....	10, 000. 00
Total	10, 088. 21
<i>Total cost of Pennsylvania Republican senatorial primaries</i>	
Pinchot.....	\$187, 029
Pepper-Fisher.....	1, 804, 979
Vare-Beidleman.....	785, 934
Total	2, 777, 942

WATCHERS

The Pennsylvania laws with reference to watchers is as follows:

SEC. 511. SEC. 21. Each candidate shall be entitled to appoint two watchers at the primary in each election district, division, or precinct in which such candidate is to be voted for, who shall be qualified electors of the district, division, or precinct. Each watcher shall be provided with a certificate from the county commissioners, stating his name, the district in which he is authorized to act, and the name of the candidate appointing him, and shall have the right to remain in the room outside of the inclosed space. Watchers shall be required to show their certificates when requested to do so.

SEC. 561. SEC. 23. No voter shall be allowed to occupy a voting shelf or compartment already occupied by another, except when giving the help allowed by section twenty-six of this act, nor to remain within said compartment more than three minutes, in case all of such compartments are in use and other voters are waiting to occupy the same. No voter not an election officer shall be allowed to reenter the inclosed space after he has once left it, except to give help as herein-after described. Each voter's name shall be checked on the voting check list, by the officer having charge thereof, as soon as he has cast his vote in the manner provided by law. It shall be the duty of the judge of election to secure the observance of the provisions of this section, to keep order in the room in which the voting is held, and to see that no more persons are admitted within the inclosed space than are allowed by this act. Each party which has, by its primary meeting, caucus, convention, or board, sent to the proper office a certificate of nomination, and each group of citizens which has sent to the proper office a nomination paper, as provided in sections two and three of this act, shall be allowed to appoint three qualified electors, who must be three electors residents of the division in which they are authorized to act as watchers, in each voting

¹ William Porter, candidate for Democratic nomination for governor, associated in primary campaign with Wilson. He was defeated by Judge Bonniwell.

place, without expense to the county; one of whom shall be allowed to remain in the room outside of the inclosed space. Each watcher shall be provided with a certificate from the county commissioners, stating his name, the names of the persons who have appointed him, and the party or policy he represents; and no party or policy shall be represented by more than one watcher in the same voting room at any one time. Watchers shall be required to show their certificates when required to do so. Until the polls are closed no person shall be allowed in the room outside of the said inclosed space, except the watchers, voters, not exceeding ten at any one time, who are waiting their turn to prepare their ballots, and peace officers when necessary for the preservation of the peace. No person when within the voting room shall electioneer or solicit votes for any party or candidate, nor shall any written or printed matter be posted up within the said room, except as required by law. When the hour for closing the polls shall arrive, all persons within the enclosed space, who have received ballots but have not yet deposited them, shall be required to mark and deposit their ballots forthwith, but no other person shall be allowed to vote. (As amended 1903, P. L. 213, sec. 1.)

These laws are so construed as to allow practically any number of watchers in each division or precinct. Payment of watchers is a legitimate and recognized item of expense under the Pennsylvania laws and the watchers are paid by the candidate or political campaign organization by which they are employed. It is impossible to state with any accuracy whatever the amount of money expended by the senatorial primary candidates in this way. It is likewise impossible to state the number of watchers employed. Witnesses representing each group of candidates were interrogated, but none agree.

It is significant, however, that \$90,000 (the amount loaned by Joseph R. Grundy to the Pepper-Fisher campaign committee, which transaction has been dealt with above) was exclusively used to pay off watchers at the polls. Watchers are paid from five to ten dollars a head.

The testimony of Edward R. Martin, who paid off the watchers in Allegheny County (Pittsburgh) is illuminating:

* * * * *

Mr. MARTIN. There was money disbursed in the payment of watchers on different days. I was paying off watchers on different days. It took me from four to six days to pay them off and I would ask for these amounts of money, enough to run me for the day. Some days I had to ask twice.

The CHAIRMAN. There is a total down there of \$28,285.

Mr. MARTIN. Yes.

The CHAIRMAN. Did you make that total?

Mr. MARTIN. Yes.

The CHAIRMAN. Does that represent the amount of money that was paid for watchers?

Mr. MARTIN. Paid for watchers; included in that amount would probably be maybe \$700 or \$800 that was paid for overseers. I did not separate the amounts for overseers and for watchers.

Mr. Martin was secretary of the Allegheny Vare-Beidleman Republican committee and is a Democrat.

The Pepper-Fisher ticket, according to the best evidence, expended for watchers and managers over \$85,000 and employed more than 17,000 of them in Allegheny County alone.

In Philadelphia about \$100,000 was paid to Vare-Beidleman watchers. Estimates given by witnesses favorable to Governor Pinchot are greatly in excess of these figures, which your committee freely admits are approximations.

The testimony of Frederick K. Beutel, instructor in business law at the University of Pittsburgh, and who was an eye witness of methods used in paying off watchers in Pittsburgh, is as follows:

* * * * *

The CHAIRMAN. Were you at the Pepper-Fisher headquarters on primary day?
Mr. BEUTEL. No, sir; I was there after the primary, but not on the day of the primary. I was there on the evening of the primary; but during the day I was not there. I was out in some of the wards in the morning.

The CHAIRMAN. On the day after the primary?

Mr. BEUTEL. Yes; I was up there.

The CHAIRMAN. You were there?

Mr. BEUTEL. I was up there a good many times at the Hotel Henry in Pittsburgh.

The CHAIRMAN. What was going on?

Mr. BEUTEL. They were paying off—I guess you would call it—their watchers and apparently their workers.

The CHAIRMAN. Can you describe what you saw there?

Mr. BEUTEL. Yes. Their headquarters in the Hotel Henry was in a series of rooms connected by knockdown partitions. The room in which they were paying was as big as, or bigger than, this one; and the paymaster was behind the table much smaller than this one. The workers were lined up in the room clear out to the door, which would correspond to the back of this room, and probably 15 or 20 feet farther than that, and then around in the halls—which would correspond to the hall paralleling this one. They were lined up there, and came through one at a time, being paid in cash.

The CHAIRMAN. How long was this line?

Mr. BEUTEL. I stepped off the space afterwards; and I should judge the line was at least 150 to 200 feet long.

The CHAIRMAN. How much time did you spend around there?

Mr. BEUTEL. It was rather difficult to spend very much time there unless you were in the line. The only entrance to the room was through a narrow door through which the people who were paid came. It was directly parallel to the speaker's table and you could look through, and by standing at the end of the line watching it you could stand there an interval of 5 or 10 minutes before they moved you on. I probably made six or seven, or more, visits to that headquarters at various times.

The CHAIRMAN. During the day?

Mr. BEUTEL. During that day and the week which followed.

The CHAIRMAN. The week which followed?

Mr. BEUTEL. Yes.

The CHAIRMAN. How about the line; was it maintained?

Mr. BEUTEL. The line was there continuously on Wednesday and Thursday during the time I was there. Apparently they were paying all through those two days.

On Friday there was a very small line, but they seemed to be paying constantly during the time I was there. On Saturday there were scattering payments—and they may have extended into the next week; I do not know after that. The headquarters was quiet; but on Saturday afternoon—

The CHAIRMAN. How many days did you visit this headquarters and find them still paying?

Mr. BEUTEL. I found them paying very actively on Wednesday, Thursday, and Friday. On Saturday there was very little activity, probably very little money paid. On Saturday morning or afternoon I could not say that they paid any amount. I saw no amounts paid after that time.

Senator LA FOLLETTE. Did you make any estimate as to how rapidly they could pay those men off with this system?

Mr. BEUTEL. Yes; I estimated it by the speed the line moved, and by actually glancing at my watch and timing them for short intervals; and I estimate that they must have paid from 200 to 300 an hour—at least that fast—very rapid payments. In some cases the roll of money was already made up for the man who took it.

The CHAIRMAN. And sometimes, then, there was not a single bill handed out; but there were rolls of money handed out?

Mr. BEUTEL. Oh, yes. It was the exception when a man got a single bill.

The CHAIRMAN. Did you have any chance to observe the denominations of any of these bills?

Mr. BEUTEL. Apparently most of the bills were \$10 bills.

The CHAIRMAN. And there would be a roll, then, of what appeared to be \$10 bills handed to a man?

Mr. BEUTEL. Yes. I saw one man come through there who was handed a roll of \$10 bills as big as that [picking up a pin dish and indicating].

The CHAIRMAN. That is about 3 inches in diameter.

Mr. BEUTEL. Yes; it was all he could hold in his hand.

The CHAIRMAN. You do not know who that distinguished and valuable individual was, do you?

Mr. BEUTEL. No. There were a number of such individuals came in. I was not acquainted with any of them personally.

The CHAIRMAN. Who was the paymaster?

Mr. BEUTEL. I believe it was the gentleman who testified here last night; Mr. Topley, I believe. I would not be positive of that because there was a group of men about the table. I could not testify as to the man's name because I do not know him, but there was a group about the table and he was there at various times with them.

The CHAIRMAN. Several people were assisting in handing out this money?

Mr. BEUTEL. Yes; there was always a group; and later on—

The CHAIRMAN. Did they have any papers there that they seemed to refer to to check off names?

Mr. BEUTEL. They paid, apparently, on certificates and on little pieces of paper. The man who got this big roll of money that I saw had a piece of paper about that big [indicating] that he presented. I do not know what it was.

The CHAIRMAN. By "that big" you indicated about 2 or 3 inches?

Mr. BEUTEL. About 2 or 3 inches square.

Senator LA FOLLETTE. You observed they had no list at the table, or books, that they were referring to?

Mr. BEUTEL. No; apparently there was no such system. They were being paid by slips of paper that came in from some place. I believe some of these men who were paid the larger sums were ward leaders who got the money and paid their workers.

The CHAIRMAN. Whose headquarters was it that you were observing that you are now describing?

Mr. BEUTEL. I am now describing the Pepper-Fisher headquarters in the Hotel Henry on Fifth Avenue in Pittsburgh.

The CHAIRMAN. Did you go to the Vare headquarters?

Mr. BEUTEL. Yes. It was at the Vare headquarters that I first became interested in this pay-roll line. It is directly next to ours, and Wednesday morning after election I went down to headquarters and there was a great clamor over there. I went in and found it was people clamoring for their money.

The CHAIRMAN. People at the Vare headquarters?

Mr. BEUTEL. At the Vare headquarters; yes. That is how I happened to become interested.

The CHAIRMAN. Was there considerable of a crowd there?

Mr. BEUTEL. Yes; a crowd was there at the Vare headquarters, a larger crowd than at the Pepper headquarters; due, probably, to the fact that he paid a little more slowly.

Senator LA FOLLETTE. They were not as efficient?

Mr. BEUTEL. No; they counted their money quite a bit slower than they did at the Pepper headquarters.

The CHAIRMAN. Describe what you saw there.

Mr. BEUTEL. Well, at the Vare headquarters—their headquarters is located in an old theater building between Fifth Avenue and Oliver Street, running through the whole block clear to Oliver Street—there was a room that was constantly closed, and they had a little door. They paid out through this door and the people filed by the door. When I got there Wednesday morning the line was at least six wide. They were fighting for a place. They were not lined up in any single file but it was a great crowd pushed in there, and they had four or five husky workers trying to hold the crowd in line; and this headquarters extends through the whole block, and that line was three or four deep, extending the length of the block from Oliver Street clear through to Fifth Avenue.

Senator KING. How far would that be?

Mr. BEUTEL. A hundred and fifty or two hundred feet, I should judge. Perhaps not quite that far. I do not know what the length of a city block is in Pittsburgh.

The CHAIRMAN. Something like a run on a bank wasn't it?

Mr. BEUTEL. Oh, yes. I have never seen any very large runs on banks, but I should say it would be at least that active.

The CHAIRMAN. How long did that keep up over at the Vare headquarters?

Mr. BEUTEL. They were very active on Wednesday and Thursday. Wednesday afternoon about 5 o'clock when they were opening one of the bags of money a tear bomb exploded. [Laughter.]

Senator LA FOLLETTE. Who threw the bomb?

Mr. BEUTEL. I do not know who threw it; I do not think it was thrown. I believe the banks have a system of putting tear bombs into their money bags so in case they are torn open improperly the person who has done so, is, of course, affected by the gas. This tear bomb exploded, and the crowd was driven into the street, and that interfered with the payments for about an hour. Then payment began again later in the evening.

Senator LA FOLLETTE. They did not wear gas masks there? [Laughter.]

Mr. BEUTEL. No; the payments went on until that amount of money was paid away, and then they paid most of the day Thursday. I think they went until about 5 o'clock on Thursday. Then the cashier was transferred to Alderman Verona's place up on the hill, 812 Wiley Avenue, I believe; and they went on paying for the rest of the week up there; and I found out last night that Mr. Martin stated that it went on through the next week. I did not observe that; I did not watch them after Saturday.

The CHAIRMAN. They brought this money over in bags, you say?

Mr. BEUTEL. Apparently. I have no other way of accounting for the tear bomb. I understand that these are put into the bags by the banks in Pittsburgh. It is a practice. I am not sure, however, whether that bag came from Pittsburgh or Philadelphia, or whether it came from the strong box mentioned last night. I have no means of knowing the source; I merely saw them paying the money out.

Now, as these people filed by the window they were paid in bills; they were paid on certificates of some kind or other, it was either a green certificate or a white certificate—regular watcher's size; and they were paid in amounts which varied from—I think a few people got \$5; most of them got much more. I saw a good many instances there of men counting rolls which amounted to \$50, \$60, \$30, and \$40—amounts of that size. They would come from the window and they would stand there and count the amount of their bills so it was easy to sit there and watch them; it was very easy to do.

The CHAIRMAN. You went over there for the purpose of watching them and finding out all you could, did you not?

Mr. BEUTEL. I went over out of personal curiosity, and then having discovered that, I went on and watched them to find out.

The CHAIRMAN. Were there any disturbances over there about these people who were ambitious to get their money?

Mr. BEUTEL. Early in the morning I understand there was some disturbance due to the fact that the money was not there immediately; but after the payments began it was simply a matter of contests for place in line. There was no disturbance; it was quite orderly.

* * * * *

The foregoing report is necessarily incomplete. Your committee was obliged to discontinue its hearings before all of the returns of campaign expenditures which the law required should be filed with the secretary of the Commonwealth of Pennsylvania had in fact been filed. Indeed, your committee is informed that many of these reports have not been filed up to this date. Because of lack of time, your committee was unable to trace the actual expenditures of money in the various counties. That work, it was expected, would be obviated by the filing of proper reports of various county committees. There are other reports which in the opinion of your committee ought to be filed with the secretary of the Commonwealth, which your committee is informed have not been filed.

In addition to the foregoing, there remains the question of the expenditures actually made in the general election campaign. This subject has not been investigated by your committee because of the

lack of time. Neither has the committee undertaken to investigate any question concerning the conduct of the general election.

In explanation of the inability of your committee to complete the Pennsylvania investigation, attention is directed to the fact that investigations seemed to be imperatively demanded in Illinois; afterwards, an investigation was necessarily extended to Indiana, and subsequently, investigations were also had in the States of Oregon, Washington, and Arizona. There was also a preliminary investigation made at Kansas City, Mo.

Respectfully submitted.

JAMES A. REED, *Chairman*.
CHARLES L. McNARY,
GUY D. GOFF,
WILLIAM H. KING.

The reports on hearings held in Oregon, Washington, and Kansas City, Mo., follow as separate parts of this partial report.

REPORT ON HEARINGS HELD AT PORTLAND, OREG., WEDNESDAY,
OCTOBER 27, 1926

The hearings before the committee held at Portland, Oreg., were based upon the contents of a telegram sent by Mr. George Putnam, proprietor and editor of the Capital Journal, published at Salem, Oreg., to the chairman of this committee, charging that the Portland Electric Power Co. had paid to the Portland Oregonian, a newspaper of general circulation throughout the Pacific Northwest country, \$35,000 for opposing the primary election of Senator Robert N. Stanfield, and that no report was made of this contribution as required by the statutes of the State of Oregon.

Fifteen witnesses appeared before the committee and testified, including Senator Robert N. Stanfield, Senator-elect Frederick W. Steiwer, whom the Oregonian supported in the primary; Mr. George Putnam, who made the charges; Mr. Edgar B. Piper, editor of the Oregonian, its executive officers, and others having knowledge of the charges embodied in the telegram.

After a careful study of the testimony developed at the hearing, the committee is of the opinion that the alleged transaction did not occur and that the charges, while probably made in good faith, were without substance and wholly unsupported by any testimony or inference whatsoever.

Respectfully submitted.

JAS. A. REED, *Chairman.*
CHAS. L. McNARY.
GUY D. GOFF.
WILLIAM H. KING.

REPORT ON HEARINGS HELD AT SEATTLE, WASH., OCTOBER 23,
1926

The hearings held before the committee at Seattle, Wash., were induced by a telegram sent to the chairman of this committee by Mr. Sam R. Summer, chairman of the Republican State central committee, asserting that excessive sums of money amounting to \$100,000 had been spent on behalf of the candidacy of Mr. A. Scott Bullitt, the Democratic candidate for United States Senator, and that wealthy relatives of the candidate had declared they would expend \$300,000 if necessary to win the election.

The committee heard the testimony of Senator Wesley L. Jones, Mr. A. Scott Bullitt, Mr. Sam R. Summer, and 24 additional witnesses covering a period of three days. The testimony disclosed that for a short period of time during the latter part of September and first of October, paid advertisements advocating the candidacy of Mr. Bullitt had occupied a considerable space in the press of the State, but the committee was unable to develop any greater expenditure by Mr. Bullitt and those organizations interested in his candidacy than approximately \$28,000, and therefore believed the charges of excessive expenditures were unfounded, though probably believed true by the author of the telegram.

Respectfully submitted.

JAS. A. REED, *Chairman.*
CHAS. L. McNARY.
GUY D. GOFF.
WILLIAM H. KING.

REPORT ON KANSAS CITY HEARINGS

Subsequent to the election of November 2, 1926, Mr. Harry R. Walmsley, of Kansas City, Mo., wrote a letter to the Hon. George W. Norris, the senior Senator from Nebraska, making certain charges touching the election held in Kansas City, Jackson County, Mo., on the 2d day of November, 1926. The letter to Senator Norris was brought to the attention of the Hon. Charles L. McNary, the senior Senator from Oregon, a member of your committee, who at once transmitted a copy thereof to the Hon. James A. Reed, chairman of the Special Committee Investigating Expenditures in Senatorial Primaries and Elections.

Senator Reed, concluding that the matters therein charged should be promptly investigated, and acting as a subcommittee of the special committee on expenditures, by subpoena directed Mr. Walmsley to appear and submit each and every fact directly, indirectly, or otherwise touching the matter of such charges. Mr. Walmsley appeared on the 22d day of November, 1926. Certain newspaper comments had quoted Mr. Walmsley to the general effect that while he did not impugn or question the integrity or the impartiality of Senator Reed, that because of his possible interest in the local political situation, he would prefer to have the investigation conducted by some other member of the committee. In view of this statement by Mr. Walmsley, the Hon. James A. Reed stated to Mr. Walmsley that he would not proceed further with the examination other than to obtain the names of the witnesses and the information which he possessed, to the end that all of such charges might be promptly referred to the other members of the special committee for such action as they, the committee, should see fit to take. Senator Reed has referred the testimony of Mr. Walmsley as taken, as well as his letter, to the other members of the subcommittee, consisting of Senators King, McNary, and Goff, and has expressly refused to sit with such members or to confer with them in consideration of the charges herein. It is due Senator James A. Reed to say that he has not only not sat with the committee but that he has not counseled with any of them relative to the investigation which the other members of the special committee have made relative to the subject matter of Mr. Walmsley's complaint. The charges submitted by Mr. Walmsley were set out in the letter to the Hon. George W. Norris, under date of November 17, 1926, which is as follows:

NO. 701 BALTIMORE AVENUE, KANSAS CITY, MO.,
November 17, 1926.

SENATOR GEORGE W. NORRIS,
Washington, D. C.

MY DEAR SENATOR: On November 2, 1926, a general election was held in Kansas City, which included a Representative and Senator in the United States Congress.

Senator Williams was backed by the Republican State and city "machines."
Harry B. Hawes was backed by the Democratic State and city "machines."

The Democratic machine in Kansas City is owned, directed, supervised, and controlled by one Thomas Pendergast. Senator James A. Reed is a prominent part of this machine and he personally campaigned for Mr. Hawes.

Immediately preceding and on election day money flowed out from this machine in a vast stream. The use of this money to carry the election of Mr. Hawes is widely known and openly discussed and charged in almost every precinct.

Common gossip is that the Kansas City Railway Co. gave to the Democratic campaign fund for use on election day in Kansas City a sum variously estimated at between \$250,000 and \$750,000 (this in return for a 12-year extension of franchise—worthless to the people—which the Democratic machine rushed through the council overnight).

That money was freely and openly and largely used on election day to corrupt the citizenship franchise and elect a United States Senator can not be doubted by the most superficial observer of the election. An investigation by disinterested investigators would undoubtedly disclose such facts.

Fraud is shown on the face of the returns; as examples:

Ward 1, precinct 10, 413 votes cast, including those shown by the inclosed registration list of various foreign names and Americans both black and white. On the sample ballot inclosed there are 24 offices to be filled from 48 Republican and Democratic and 9 miscellaneous candidates. And yet the 413 voters balloted with surprising unanimity of minds, 50 of them picking out all the Republican candidates and 363 voting for all the Democrats. A mechanical machine would have difficulty in running so perfectly. And 19 of these voters voted the inclosed "constitutional ballot" and all 19 voters voted as of one mind even to the making of an error in nullifying their votes on propositions 1 and 3. They voted "yes" on each proposition, 1, 2, 3, and 4; 1 and 3 are alternative propositions and a yes vote for both loses the vote. The facts of this condition show that the judges did the voting. Similar conditions existed all over the city, as is evidenced by the returns from precinct 15, ward 1; precinct 11, ward 3; precinct 12, ward 4; and many others. (In precinct 12, ward 4, the conditions were reversed as to Democrats and Republicans.)

There is not a precinct in this city where hundreds of voters can vote the difficult ballot (see inclosed) and make the ballots all alike.

An unbiased investigation would disclose much that is interesting in fraudulent and bought elections.

Very truly yours,

H. R. WALMSLEY.

As hereinbefore stated, Mr. Harry R. Walmsley appeared before Senator James A. Reed in Kansas City, Mo., on Monday, November 22, 1926, at the hour of 10 o'clock a. m., and after being first duly sworn, stated substantially as follows:

Mr. Walmsley stated that he lived at 1017 Troost Avenue, Kansas City, Mo., and had lived in Kansas City for over 50 years. He is in the insurance business, and is a member of the Republican Party. He was twice a member of the legislature.

Mr. Walmsley admitted that he wrote the letter of November 17, 1926, above set forth, to Senator George W. Norris. He stated that no one collaborated with him in the preparation of the letter, and that he did not consult with anyone before he wrote the letter. He further stated that he was the sole author of the letter and was solely responsible for its contents.

Mr. Walmsley stated that of his own knowledge he did not know of any money contributed by the Kansas City Railways Co. to the Democratic campaign fund for use on the election day of November 2, 1926, nor did he know of any moneys contributed to the Democratic committee by any officer of the Kansas City Railways Co. for use on the election of November 2, 1926. Mr. Walmsley further stated that he knew of no moneys contributed either to the Democratic committee or to any member of the Democratic committee, or to

any member of the city council, in consideration of the extension of the franchise of the street railway company.

Mr. Walmsley stated that he did not know of any moneys contributed to the Democratic committee of Jackson County or Kansas City in the last campaign, nor did he know how much money the committee handled or the sources from which it came. Mr. Walmsley could not give the committee the name or names of any person or any persons who knew of the moneys contributed to the Democratic campaign committee except the treasurer or officers of the committee itself.

Mr. Walmsley stated that the subject matter of his letter was based on common rumor and matter printed in the newspapers, and that he did not know of any responsible man who had made the charges set forth in his letter.

By way of conclusion, in view of the undisputed fact that Mr. Walmsley possessed no knowledge whatsoever of the matters herein charged, it is the view of the following members of your committee, Senators King, McNary, and Goff, Senator La Follette being absent because of illness, that the charges are not proved and that no further investigation is required or justified in this matter. The committee therefore submits that the charges not being proved should be disregarded in toto.

WILLIAM H. KING.
CHARLES L. McNARY.
GUY D. GOFF.

