

# HAYS' PROPOSALS TO MASK SINCLAIR'S GIFT OF BONDS TO G. O. P. BY 'DUMMY' DONATIONS BARED AT OIL QUIZ BY MELLON AND BUTLER

Ex-G. O. P. Chairman Back on Stand; Had Private Deals With Oil Man.

EXPLAINS HIS SILENCE

Didn't Think Men Who Gave Back Securities Should Be Brought In.

BY PAUL R. MALLOTT

WASHINGTON, March 13.—William M. Butler, chairman of the Republican national committee, revealed to the Senate Teapot Dome Committee today that Will Hays, former chairman, had attempted to get him to take over \$25,000 of Liberty bonds—presumably from the \$160,000 campaign contribution of Harry Sinclair, indicted oil man.

Butler said he did not know they were Sinclair bonds. This development came after Secretary of Treasury Mellon had spent nearly two hours on the stand telling how he had refused to act as dummy contributor to shield \$50,000 of the Sinclair bonds.

Hays met him in the Biltmore Hotel in New York, the latter part of 1923, Butler testified. "He had a package with him," Butler said. "He told me it contained \$25,000 in bonds. He asked me to take them and make a contribution. I refused to do so."

Hays Is Questioned

Butler made his statement after denying a long series of questions as to whether he had any knowledge of Sinclair bonds.

Butler said he declined to follow Hays' recommendation because he did not want to become a party to something "that would appear to be what it was."

Will Hays, former chairman of the Republican national committee then was called and asked by Walsh if he had anything to say.

Hays said Mellon's testimony was correct. "But I have a very indistinct recollection of the conversation with Butler," Hays added. "I didn't discuss my plans with him."

"I don't think we said more than what he said. We didn't get into the matter of where I got the bonds. I am very certain I didn't tell him where the bonds came from and tell him what my plans were. I did not go into my program."

"Do you care to say anything about why you didn't tell the committee about these matters before?" Walsh asked.

"Proceed to do so."

Considered Matter Irrelevant

"I considered the matter irrelevant. The bonds I offered to Mellon were those which were sent back to Sinclair. I didn't think these bonds had anything to do with my inquiry because they were sent back."

"Now the Butler bonds were the merest incident. I had no reason to believe you were going into campaign contributions per se."

"Then you didn't tell us about the bonds because Mellon and Butler did not accept them?" Walsh asked.

"Yes, sir."

"If you had attempted to bribe a public official with the bonds and he had rejected the offer, you would not consider that relevant?"

"Yes, I would," Hays said. "But that's not a fair question."

"I take the responsibility for soliciting Mr. Sinclair," Hays said. "If there was money still to be raised out of 1920, I guess I would be out raising it."

Sent Bonds to Upham

"I'll also take the responsibility for the \$50,000 of the Sinclair bonds I sent to Upham, because he is dead. But I don't know what he did with the money."

Walsh told Hays that Upham had gotten James A. Patten, Chicago wheat king, to absorb \$25,000 of the bonds.

"Would you have considered it ethical if Patten declined to take the bonds?" Walsh asked.

"It depends on how the bonds were given to him," was the reply. "If the bonds were offered to him as security for a loan, then I would consider it ethical."

Reads 1924 Testimony

"Explain why you didn't go to Mellon and ask him to make a direct contribution," Walsh directed. "You didn't think Mellon was in such destitute circumstances that he had to have security for a contribution?"

"I was inducing him to make the contribution, and it worked," Hays said. Spectators laughed.

Walsh read Hays' testimony of March, 1924, when Hays said he had never received any Sinclair stock and that to his "best judgment" Sinclair could not possibly have given more than \$75,000 to the party.

After some further exchanges, Hays argued that Walsh had read excerpts which gave an improper light to his testimony.

"I have a little right in this situation," said Hays.

"Of course," said Walsh. "Well, I resent reading of some of my answers and not taking my testimony as a whole," Hays retorted.

## Oil Scandal at Glance

Secretary of Treasury Mellon told oil probers Will Hays sent him \$50,000 in Liberty Bonds given to the Republican National Committee by Harry Sinclair.

Mellon testified he returned the bonds upon learning that Hays wished him to keep them and donated \$50,000 to help pay the party's debt. Mellon said he made a personal contribution of \$50,000 to the party.

William M. Butler revealed details of a similar \$25,000 bond deal properly returned to him by Hays in New York, and declared he refused to accept the bonds.

Will Hays returned to testify that in his previous testimony before the committee he did not mention Butler and Mellon because they had returned the bonds and that he did not consider this information necessary.

misinformed the committee on his previous appearance.

Hays said he did not know what the late Secretary of War Weeks did with the \$25,000 Sinclair bonds he sent him.

He said the late John T. Pratt of New York had turned back \$50,000 of the bonds, and he could not explain why Pratt sold \$25,000 of the bonds, as the committee has learned.

The Pratt family was associated with the Standard Oil group, Hays said.

Then Walsh pointed out that H. S. Osler of the Continental in 1923 had the oil bond profits divided in four packages of \$85,000 each; that Hays sent Upham and Weeks, \$85,000; that Sinclair gave \$85,000 of the bonds to Hays in one batch.

Sold Sinclair Stock

"Can you explain that coincidence?" Walsh asked.

"It's not a coincidence—that's imagination," Hays replied.

"Do you associate this Sinclair contribution with the fact that Sinclair obtained the Teapot Dome naval reserve from Secretary of Interior Fall?" Walsh asked.

"No, I'm just like Secretary Mellon," Hays said. "I don't."

Hays said he had several private transactions with Sinclair and that the Federal Trade Commission agents had "gone through everything in my office about the matter."

Nye brought out that the law firm of Hays and his brother acted as attorney for the Sinclair Consolidated Oil Company in Indiana. Thereupon Hays revealed he had bought and sold "a good deal" of Sinclair oil stock.

"I lost a good deal of money," he added.

He said it would be difficult to say when he first bought Sinclair stock, but he made his heaviest purchase in the spring of 1923.

Mellon Tells of Proposal

"I had a telephone message from New York from Will H. Hays stating he was sending me a package of valuable papers and was coming to Washington and would see me later," said Mellon, describing his connection with the oil bonds.

"The package was handed to me by the messenger and I laid it aside because I was busy."

"When I walked home in the evening I thought about it and next morning I opened it and found it contained \$50,000 in Liberty bonds."

"That next day Hays didn't appear and I took the bonds home for safe keeping because I had mislaid the combination."

"Later when Hays came and explained the purpose, I said to him I would return them. I didn't have them in the office so I said I would send them to him. He was going to Indiana then."

"Later I sent the bonds to Hays in New York by Parker Gilbert."

Mellon said he kept no record of the bond numbers.

"Hays said he had a large subscription in bonds and he asked me to take this lot for him," Mellon said. "I was to hold them or something and make a subscription to help pay the hangover debt."

Objected to Plan

"I objected to doing so because I would not be making a subscription of what it purported to be—a bona fide subscription."

"He asked me to make what would be a loan and hold the bonds, but to me that was the same thing."

"I said I would make a bona fide subscription to the party to pay a share of the debt. Some days afterward I sent a check for \$50,000 to Fred W. Upham, Chicago, treasurer of the committee. This was in addition to \$2,000 I gave in the Harding campaign. That was all I gave."

"During the campaign Hays had called me on the phone and asked me to hold a luncheon in Pittsburgh to help raise money."

"I had no connection with the national affairs at that time. I was called because I was the leading banker in Pittsburgh."

"I saw Hays later in New York and he gave me a quota of \$150,000 for my district."

"We approached people of means. Most of them gave \$2,000 each, which was the plan—no contributions over \$2,000. We exceeded our quota."

Senator Walsh of Montana asked if Mellon knew where Hays got the bonds.

No Teapot Dome Knowledge

"Oh, from Sinclair," Mellon said, "but he said it was not all to be a subscription for Sinclair."

"What was said about avoiding the appearance of a large subscription," Walsh asked.

Mellon said he understood the deficit was then "something more than a million dollars." None of his

Secretary Is Witness for Two Hours, Bares All of Transaction.

OWN CHECK IS \$50,000

Present Republican Chief Reveals Offer Made in New York Hotel.

banks had loaned any money to the committee, he said.

"I had no knowledge of the Teapot Dome lease at the time," Mellon volunteered. "The Sinclair contribution just seemed to me to be the subscription of a wealthy man."

Mellon could not tell how long he held the bonds. He indicated it was not more than a week, but said he could not be certain.

Walsh revealed his correspondence with Mellon since the hearing opened. In January, Walsh wrote Mellon asking help from the United States Secret Service in tracing the Continental Trading Company bonds.

Mellon, in reply, promised the services of the Treasury agents if the committee paid expenses.

On Feb. 5, Walsh asked Mellon if incomes taxes could be exacted from those who held the missing bonds.

Paid No Income Tax

On Feb. 10, Mellon replied that the Continental Trading Company had paid no income tax; that treasury agents had been investigating the matter and had followed closely all hearings in the matter before the Senate committee and courts.

On March 7, Mellon wrote Walsh protesting against a newspaper story that the treasury had failed to help the committee in the investigation.

"Have these men failed to cooperate loyally with you?" Mellon asked Walsh in the letter.

On March 8, Walsh wrote Mellon assuring him that the secret service had cooperated.

Then two days later, Walsh sent Mellon the memorandum found in the files of the late John T. Pratt, indicating "Andy" Dupont, Weeks and Butler had something to do with the Sinclair Liberty bond transaction.

Resuming the examination, Walsh asked Mellon to whom he had signed his intention of making a campaign contribution before Hays approached him.

"To Mr. Weeks, then secretary of war," Mellon replied. "It was just a casual conversation. I was prepared to give more than \$50,000 if necessary."

"What reason did Hays have for believing that he would have to put bonds to get a contribution from you?" Walsh asked.

Said Bonds Were Wanted

"Well, he was mistaken about the matter," Mellon replied. "I think I asked him why he didn't sell the bonds and get the money that way."

"That's what we all thought," Walsh said. "What explanation did Hays make about that?"

"He said something about the bonds being loaned to him, but it was all the same thing to me," Mellon answered.

"Why didn't you disclose sooner this knowledge?" Senator Nye asked.

"At the time I talked to Hays I had no knowledge that Sinclair had Government bonds," Mellon answered. "Many men have Government bonds. It had no significance. If you mean why didn't I disclose the matter since then I ask 'would that have helped you any?' the only thing you didn't have was my name. I didn't try especially to keep it secret. But it was only incidental."

"Senator Dill (Dem.), Washington, questioned whether Mellon had asked Hays if the bonds were 'out of the Teapot Dome scandal.'"

"I haven't seen Hays since this recent matter came up," Mellon replied.

Senator Bratton (Dem.), New Mexico, recalled that Hays had failed to tell the committee about giving bonds to Mellon.

"Well, I think that is a matter between the committee and Hays," Mellon said.

Walsh asked if Mellon became incensed when Hays put the bond proposition to him.

"I don't become incensed," said Mellon.

Dill asked Mellon if Hays had said he obtained the Sinclair contribution "in appreciation for what the party had done for Sinclair."

"No, I don't think so," Mellon said. "It isn't a likely thing for him to have said."

FLAGWOMAN IS BETTER

Mrs. Eliza Johnson, Hit by Auto, Will Return to Job.

Mrs. Eliza Johnson, 57, of 1044 W. Michigan St., who is recovering at her home from injuries suffered in an automobile accident Saturday, declared today that she is going back to flagging trains at the Belt railroad crossing at Michigan St.

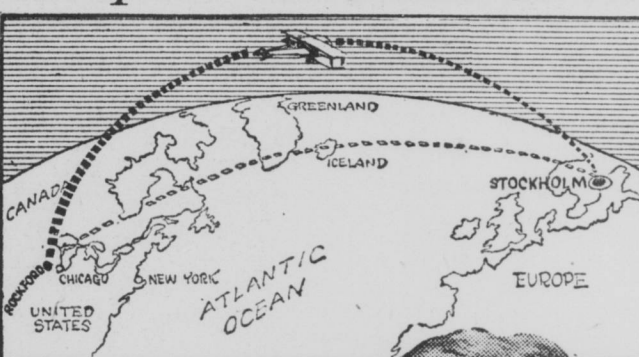
"As soon as I am able to get around, I'll be back on the job," she said. Mrs. Johnson has been flagwoman at the W. Michigan St. crossing for more than eleven years.

She was injured when she was struck by an automobile driven by James Board, 2005 W. Vermont St., which she tried to flag.

DIVERS HUNT FLIER

CALSHOT AIRDROME, England, March 13.—Divers today descended in an attempt to recover the body of Flight Lieutenant S. M. Kinkaid, who sacrificed his life in an attempt to bring the air speed record to England. Kinkaid, in a powerful super-marine Napier flying machine, plunged into the sea Monday.

## Airman Plans One-Stop Hop Across Great Circle



Aviator Prepares for First Ocean Jump Started From Mid-West.

By NEA Service

ROCKFORD, Ill., March 13.—The first trans-Atlantic airplane flight ever started from the Middle West is being planned here by Bert Hassell, Rockford, who is planning a hop across the Atlantic.

Some time in June, Hassell expects to hop from this Illinois city and follow the comparatively short Great Circle route across the Atlantic to Stockholm, Sweden.

After flying over the Great Lakes he will cross Ontario, skirt the tip of Hudson Bay and speed toward Greenland, where he will land.

The second hop will be across Iceland and on to the Scandinavian peninsula.

Aeronautic authorities state that this one-stop flight will be the least dangerous of all air crossings. The longest water jump, of which there are three, is only 522 miles.

Hassell's ability as a navigator is expected to take him safely over the north Canadian country for which detailed maps are not available.

## RETIRED PENNSY AGENT EXPIRES

A. D. Pendleton, 70, Served Railroad Fifty Years.

A. D. Pendleton, 70, retired freight agent for the Indianapolis division of the Pennsylvania railroad, died this morning at his home, 3131 Boulevard Place, of apoplexy.

Mr. Pendleton, who served railroad for half a century, was born in Yarmouth, Maine, December 15, 1857. He was educated in the Indianapolis public schools.

His first position with the Pennsylvania was as a clerk for the old Boulevard Place, of apoplexy.

Mr. Pendleton was a member of the Pennsylvania Railroad Club of Indianapolis, Traffic Club, Columbia Club, Board of Trade, Chamber of Commerce, Scottish Rite, Mystic Shrine and Elks.

He leaves a son, Ralph, of Philadelphia, Pa.; two sisters, Mrs. Milton Hollabaugh, Pasadena, Cal., and Mrs. B. B. Milner Jr., Redwood City, Cal.; an illegitimate son, Ralph Jr., of Los Angeles, Cal.; John of Pasadena, Cal., and George, Redlands, Cal.

THREE HURT IN CRASH

Barber Suffers Skull Fracture When Autos Collide.

Gus Sues, 25, a barber, who lives at 3842 E. Tenth st., is in city hospital today with a skull fracture as the result of his automobile colliding with that of John C. Harger, 27, of Noblesville, at Keystone Ave. and Noblesville Rd. this morning.

Harger, who is a teacher at Technical High School, and his brother, William Harger, who was riding with him, were also taken to the hospital suffering from cuts and bruises.

HELD FOR CAR THEFT

St. Louis Fugitives Arrested Here Wait Removal.

Jack Prince, 23, of St. Louis Mo. and Arnold Duckett, 20, of Troy, Ill., held in city jail today as fugitives awaited arrival of officers from St. Louis to take them there for trial.

Officials of the local rental auto service noted a car reported stolen from the St. Louis branch of the firm parked at a downtown corner. When Prince and Duckett got in the car to drive away they were arrested.

U. S. JURY TO REPORT

Northern State Man May Be Indicted for False Income Return.

Partial report of Federal grand jury in session here is expected today and final report will be made Wednesday or Thursday.

A northern Indiana business man is expected to be indicted in the partial report for false income tax returns.

The final report will include about 100 indictments, naming 150 persons on various charges, most of them growing out of liquor law violations.

WATCHMAN RECOVERING

Shot by Three Men at Plant When He Answers Knock on Door.

Cornelius Powell, night watchman at the Hoagland Packing Company, Franklin, Ind., who was shot in the left arm by three men at the plant Friday night, is recovering at St. Vincent's Hospital.

Powell told hospital attaches that he answered a knock on the door and when he opened it he was greeted with several revolver shots.

Dog on Rampage Bites Two

BRAZIL, Ind., March 13.—Warren McKinney, 4, and Walter Harris, 9, are suffering from severe lacerations inflicted by a dog which was shot by Patrolman Vice as it attempted to attack him. The dog's head is being examined for traces of rabies.

## GAS COMPANY SHOWS SURPLUS OF \$376,336

Despite Improvements and Rate Cut, Dividends Are 10 Per Cent.

The Citizens Gas Company reduced its rates in 1927 and wound up the year with a surplus of \$376,336 after paying \$370,000 in dividends, meeting all its debt and sinking fund requirements, making plant improvements and meeting operating expenses, the annual report, filed with the public service commission late Monday, shows.

Company officials said that most of the profit was made during the first half of the year. The rate was decreased July 1. The sliding schedule was reduced from a maximum of \$1.15 to a maximum of \$1.05 a thousand cubic feet, ranging downward to as low as 65 cents for large industrial consumers.

The company wiped out the last 5 per cent of arrearage dividends on common stock, standing from the lean years during the war period.

Officials declared they did not believe the profits would be as high in 1928.

Company Prospering

The dividends of \$370,000 represent 10 per cent on the common stock, the 5 per cent arrearage payment and the regular \$70,000 payment upon preferred stock.

Within three years the company has met its obligations, spent hundreds of thousands of dollars upon improvements, steadily increased its depreciation reserve funds, paid the 10 per cent a year upon common stock and 7 per cent a year upon preferred stock and caught up with 26 per cent of arrearage on common stock.

The rate cut within half a year caused a cut of approximately \$311,000 in earnings over what they would have been without the decrease, company officials said. Officials estimated at the time of the cut that the loss would be \$331,000.

Common Stock \$2,000,000

Citizens who have urged the provision of the gas company's charter giving the city the right to purchase the plant for the face value of the common stock and assumption of indebtedness have been blocked by the arrearage on the common stock dividends.

The charter provides that common stock certificate holders are limited to 10 per cent annually and that all surplus earnings shall be applied to cancellation of the stock certificates at their face value of \$25 and when this was retired the city should be privileged to take over the plant.

With the addition of \$376,336 to the surplus in 1927, the company has in its surplus fund \$1,064,426. The common stock totals \$2,000,000 in value. None of it has been retired.

\$3,000,000 From Gas Sale

The company earned \$3,078,072.52 from sale of gas during 1927. Sale of by-products added \$2,995,422.27, making the total operating revenues \$3,073,494.79.

Operating expenses, including the slowing away of \$450,000 in the depreciation fund, totaled \$4,934,381.51. This left net operating revenues of \$1,139,113.28. The addition of \$290,943.56 in non-operating revenues made the gross income for the year \$1,530,056.84.

Interest on funded debt and other deductions totaled \$683,720.14, leaving net income for the year of \$746,336.79. Subtraction of the \$370,000 in dividends left the \$376,336.79 surplus.

Total value of the property is listed at \$11,919,164.02. During the year \$260,850.93 was spent on construction and equipment.

SEEKS DARROW'S AID

Harry Hill's Father Confers With Attorney.

CHICAGO, March 13.—Possibility that Clarence Darrow, noted criminal lawyer, may defend Harry Hill at his second trial was seen here today.

The Streator youth will be tried April 9 at Ottawa on a charge of murdering his mother, Mrs. Eliza Hill.

Dr. H. C. Hill, his father, has been here twice conferring with Darrow, the United Press learned today. No agreement has been reached, it was said.

The attorneys who defended Hill at his first trial, in which the jury disagreed, were expected formally to withdraw from the case at Ottawa today.

JAP FLIGHT DELAY SEEN

Proposed Pacific Hop Uncertain; Plane Defects Rumored.

TOKIO, March 13.—There is a possibility that Japan's proposed non-stop airplane flight effort across the Pacific Ocean, scheduled to start this spring, may have to be postponed until 1929, according to well informed aviation enthusiasts in Tokyo.

The Imperial Aviation Society, however, has denied the reports while the Aviation Bureau of the Navy has said it seems unlikely the flight will have to be delayed.

The first of the two machines being built for the flight, however, has not yet been completed and there are persistent reports that defects have been found in its design. It was scheduled to have been delivered to the Aviation Society in February.

Utility Co. Petitions Bond Issue

A petition for authority to issue and sell \$25,000 in bonds has been filed with the Public Service Commission by the Nappanee Utilities Company of Nappanee.

The money raised will be used to make improvements to the plant and system, the petition cites.

## Lucky Boy

By United Press

LOS ANGELES, March 13.—Elwood Talbot, 17-year-old Pasadena school boy turned over his \$15 savings last summer to grubstake "Dad" Allen, veteran prospector, who hadn't been locating gold in very great quantities.

"Dad" Allen found real gold in the Nevada hills on the \$15 grubstake and now the mining interests held jointly by Allen and young Talbot are valued at more than \$150,000.

## HOOVER-WILLIS FIGHT REACHES HOUSE FLOOR