

WEATHER FORECAST.

Partly cloudy and somewhat warmer to-day; to-morrow unsettled. Highest temperature yesterday, 69; lowest, 57. Detailed weather reports will be found on editorial page.

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THREE CENTS WITHIN 3 MILES FOUR CENTS ELSEWHERE.

HARDING PLEDGES NO WAR WITHOUT RIGHTeous CAUSE

Tells Annapolis Graduates There Will Be No Conflict Unless in Harmony With Conscience.

WANTS U. S. UNAFRAID Would Have Blend of Crusading Spirit With That of Maintaining Established Order.

DENBY WARNS OF SNOBS Informs Young Officers That Enlisted Men Will Soon Size Them Up as Fit or Unfit Quality.

ANNAPOLIS, June 2.—President Harding presented diplomas to the Naval Academy graduating class here to-day with a prayer that the newly commissioned officers never would be called into battle, but with an admonition that willingness to fight and die for one's country always must remain one of the most potent safeguards of civilization.

Speaking in Dahlgren Hall before the midshipmen and thousands of their relatives and friends assembled for the graduation exercises, the President solemnly reaffirmed his faith in a strong and fearless republic, but added that he wanted it always a republic of "high ideals." The most desired of national attainments, he said, would be a medium between the spirit of maintained institutions and the spirit of the Crusader.

His Pledge as President. With his expression of hope that the nation would not again be called to war Mr. Harding coupled a promise that so long as he remained President no American would be called upon to fire a gun except in a cause in harmony with the American conscience and for which answer could be made to God.

Among the distinguished guests who sat on the platform during the graduation exercises was Admiral Uru of the Japanese navy, a member of the class of 1914 and the only living Japanese graduate of the Academy. Formal notice of his presence was taken by Secretary Denby, who, in beginning his address, cordially bade the Admiral welcome to America shores once more.

Both Secretary Denby and Admiral Scates officially welcomed the "sweethearts of the graduating class," amid much giggling and hand clapping from the feminine contingent of the audience. Later, President Harding carried the suggestion forward into an eulogy of the part women play in the greater affairs of the world.

Tribute to Womanhood. "The measure of highest achievement is in the realm of womanhood," said the President, "and when I say that I mean also the noblest womanhood. Because, after all, nothing has ever been wrought in this century, never a heroic deed worth preserving, never a striving for a high ideal, that was not somehow inspired by the love of mother or wife or sweetheart."

Address to Graduates. In his address to the graduates Mr. Harding said: "A good deal is said nowadays about preparing for defence, and how nothing is more important in this world than the defence of our shores."

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Soldiers' Bonus Pledged by Leaders in Senate

WASHINGTON, June 2.—Col. F. W. Galbraith, Jr., commander, and other spokesmen for the American Legion were before the Senate special committee which began to-day an investigation of the whole subject of bonus legislation for former service men. The session was behind closed doors. Members of the committee were said to have assured the legion spokesmen that it was the intention of Senate leaders, irrespective of party or sectional affiliations, to pass bonus legislation at this session.

The Senate passed to-day Senator Underwood's bill extending the Federal compensation act to include civilians who served with the American armies abroad in the world war.

One Man Seized as He Takes \$500 of \$2,500 Asked for Laborer's Child.

5 TRAPPED BY POLICE AS BOY'S KIDNAPPERS

SLEUTH HIDES UNDER BED 5-Year-Old Lad, Whose Death Was Threatened, Likely to Be Returned To-day.

John Melchione, an Italian laborer, who told the police he lived at the Victoria Lodging House, on the Bowery, just off Chatham square, walked into the home of Salvatore Varotta, in 354 East Thirtieth street, last midnight and told Varotta that he had come for \$500 of the \$2,500 ransom demanded by the kidnapers of Varotta's five-year-old son Giuseppe, who was stolen as he played on his doorstep on May 24. Varotta took the man into a room, where Detective Pelagino lay hidden under the bed, and after, according to the police, Melchione had admitted what he had come for, the detective crawled out and arrested him.

Almost at the same time Detective Michael Flaschetti and other detectives of the Italian bomb squad arrested four other men, two of them as they waited below in the hallway for the return of the boy, and the other two as they entered their homes near the tenement in which the Varotta family lives. All five of the men, together with the marked ten, twenty and fifty dollar bills, were taken to the police headquarters, where they were locked up charged with kidnaping and blackmail.

Besides Melchione, the prisoners are Roberto Raffaele of 171 Palisade avenue, Union Hill, N. J., a Sicilian piano tuner; Santo Cosumano of 349 East Broadway street; Antonio Marino of 349 East Thirtieth street and James Ruggiere of 349 East Thirtieth street. The police expect to recover the missing boy this morning.

The police said that Ruggiere, who is the stepson of Marino, has confessed to them that he wrote the two black hand letters received by the Varotta family. Detective Pelagino entered the house yesterday, disguised as a plumber, and hid under the bed all day. During the afternoon Varotta went to the bank and drew out \$500 and to avoid suspicion it had been arranged for the bank to mark the bills and note the numbers. Then the detectives hid near the Varotta home and waited for the kidnapers to appear. They came on time, and Melchione went upstairs while the others remained downstairs. The remaining two went to their homes, almost next door to the Varotta home, where they were arrested later.

SUNDAY CLOSING BILL FOR DISTRICT PROPOSED Measure Would Bar Baseball and Movies.

WASHINGTON, June 2.—A Sunday closing law for the District of Columbia, which its author declared was "designed largely to head off some of the more extreme 'blue law' proposals," was reported to-day by Senator Myers, Democrat, Montana.

His bill would prohibit baseball, moving pictures and all amusement entertainments operated for an admission fee and sale of commodities not absolutely essential.

Senator Lodge will head the Senate conferees. He has not changed his opinion regarding a direct repeal of the war declaration of April 6, 1917, rather than the House proposal, saying that "the existing state of war is at an end."

Continued on Sixth Page.

LEADERS FORECAST DEADLOCK ON NAVAL BILL IN CONFERENCE

House Likely to Disapprove Increase in Appropriations and Personnel.

SNAG IN DISARMAMENT Mondell Wants Conference to Include Nations Other Than Two Named.

'FEELERS' ALREADY SENT Others Say Borah Proposal Should Include Land as Well as Naval Forces.

Special Dispatch to THE NEW YORK HERALD.

Washington, D. C., June 2.—Republican leaders of the House to-day served notice on the Senate that its \$100,000,000 increase in the naval appropriation bill will not be approved and also that the scope of the Borah disarmament amendment must be broadened to include land and sea forces and other nations than Great Britain and Japan. The House threatens to kill the measure unless the largest part of the increase is eliminated.

Republican leader Mondell declared he was certain the House would insist on a reduction of the bill to below the amount allowed last year—\$425,000,000—and probably to only a few million more than the \$396,000,000 as provided in the bill passed by the House April 28. The Senate bill carries about \$484,000,000.

Steps Already Taken. Mr. Mondell said he believed the President already has taken steps toward disarmament of a much greater scope than the Borah amendment, and would favor the House plan to broaden it.

The "informal feelers" as to the attitude of the various nations on disarmament were sent out by the State Department the latter part of April, he stated. News that these representations had been dispatched were made known by the White House only a few days ago, indicating that some preliminary replies, which are favorable, have been received. As one of the reasons for extending the scope of the Borah amendment to include the world, he said, was the impression that the "feelers" had gone to other nations than Great Britain and Japan. He did not know exactly what nations had been approached, but he believed all those with the larger sea and land forces were included. It is believed that the list at least included Great Britain, Japan, France, Italy, Belgium, the Netherlands, Poland and the larger republics of South America.

Representative Kelley (Mich.), Republican, chairman of the House conferees on the measure, said the House had gone the limit in providing \$326,000,000 for the Navy. "I never will agree to the Senate increases, which include provision for 100,000 men."

Mr. Mondell included that the President favors a disarmament conference of all nations which have any considerable navies. He said the House conferees would probably be considered by the House Foreign Affairs Committee and a resolution reported to the House conferees will include the naval bill.

"It is my opinion," said Mr. Mondell, "that practically the entire House believes in the Borah amendment. The House was abundantly liberal for main tenance of our naval establishment in first class fighting trim, with the exception of a single item for new airplanes, many of which were not fully provided for in the House owing to the fact that the House Appropriations Committee did not have authority to include them."

"Other than a reasonable appropriation for this item, I think the House sentiment is and will be that the House conferees will not support the Senate bill. As regards the so-called Borah amendment, I think the general opinion in the House is that while it would have a constructive effect in the question of reduction of armament to independent consideration, inasmuch as the Senate adopted the Borah amendment by a large majority, it is not a desirable consideration to retain in the bill a provision for an international agreement, but a very much broader one, which would be subject to the consideration of a conference of all nations of the world having considerable fighting establishments on land and sea for the consideration of the subject of the reduction of armament generally."

SENATE WILL RESIST PEACE BILL CHANGES To Urge Direct Repeal of War Declaration.

Special Dispatch to THE NEW YORK HERALD.

Washington, D. C., June 2.—The changes in the Knox peace resolution proposed by the House Foreign Affairs Committee, if approved by the House, will meet with stern resistance by the Senate conferees, it was learned to-day.

Continued on Sixth Page.

Railroads and Men Far From New Agreements

Special Dispatch to THE NEW YORK HERALD.

CHICAGO, June 2.—Not a single agreement has been negotiated between railroads and their employees to replace the national agreements abolished by the United States Railway Board, the board was told to-day by B. M. Jewell, president of the Railway Employment Department of the Federation of Labor. Under an order of the Labor Board of April 16 all negotiations must be completed by July 1.

Mr. Jewell declared that many roads were refusing overtime after eight hours and insisted that no overtime be paid until after ten hours' work had been done. "This position indicates," he said, "an attempt to return to the ten hour day."

Ten roads, according to reports from committees received by Mr. Jewell, had refused to negotiate agreements for all crafts with the federated craft committee, he said. The roads included the Great Northern, Big Four, Cincinnati and Northern and the New York Central.

TULSA TO REBUILD HOMES OF NEGROES

Committee of Citizens Plans to Raise \$500,000 for the Work.

DEATH LIST CUT TO 30 Saucy Negro, Hysterical Girl and Yellow Reporter Blamed by Gen. Barrett.

TULSA, Okla., June 2.—Representative citizens of Tulsa met to-day in the Municipal Building and condemned the riot holding them responsible for the outbreak of Tuesday and Wednesday. In addressing this meeting Adjt.-Gen. Barrett stated that while he was ordering the withdrawal of the National Guard from Tulsa, there was no intention to remove the martial law edict until such time as it was shown the city could care for itself.

District Judge Valjean Biddison called a Special Grand Jury to-day to convene June 5 as the first step in an investigation of the riot. The action followed the receipt of a letter from Gov. J. B. A. Robertson making the request. The State Executive asked also an investigation of the conduct of the police department and the Sheriff's office, which he condemned.

According to the latest authentic report nine whites and twenty-one negroes are known to have been killed. An estimate places property damage at \$1,500,000. All this, according to Gen. Barrett, was caused by an "impudent negro, a hysterical girl and a yellow journalist."

A committee, of which a place was denied to Mayor T. D. Evans, was appointed at the meeting to care for the homeless negroes, estimated to number more than 2,000, and to mediate the work of rebuilding on long term payments or as gifts the burned homes.

"Most of this damage was done by white criminals who should have been shot and killed," E. J. Martin, former Mayor, said after he was selected chairman of the emergency committee. "As the final outcome we must rebuild these houses, and get their claims against the city and county," the chairman said.

A subscription of \$500,000 will be asked, the committee announced to-day, and the homes owned by the negroes will be reconstructed. No attempt will be made to rebuild the business buildings, many of which were owned by white persons, or homes which were rented, members said.

The committee voted also to employ immediately as extra policemen 250 members of the American Legion, a sum for their pay for thirty days was appropriated, after which efforts will be made to continue them with city funds.

Gen. Barrett was emphatic in charging failure of the local peace officers to take proper action. He said that he came to Tulsa with two uniformed men from Oklahoma City and in a short time pacified 5,600 armed men, work that the Sheriff could have done if he had used power to deputize assistants. The General said a riot would have been prevented by the presence of six uniformed policemen or a half dozen deputy sheriffs at the county building Tuesday night when whites, bent on taking from Jeff Dicks Rowland, a nineteen-year-old negro bootblack, charged with attacking a white girl, clashed with negroes intent on protecting Rowland.

He added that men holding special permits to carry weapons chiefly were instrumental in inciting the outbreak and in the rioting. He said a rigid court of inquiry or Grand Jury investigation should determine the guilty persons.

A final check of the morgues to-day definitely established the number of white dead at nine. Among those, most of whom were residents of this city, is Ernest Austin, 39 years old, formerly of Houghton, N. Y., in which city lives.

FIVE CITY BUREAUS DRAWN INTO FIRE OF MEYER INQUIRY

Gov. Miller to Push Probe to Halt Startling Rises in Taxation in City.

ALMIRALL BOOK AIDS Overshadowing Crime Investigator Holds Conference With Inquisitors.

'THE' McMANUS IS SILENT Justice Whitaker Reserves Decision on Punishing Leach for Contempt.

Five city departments at least are under fire already in the investigation of municipal affairs just being started by the Joint Legislative Committee. The Police Department, Department of Markets, Department of Plant and Structures and the Borough President's office in Queens, and one or two others are being turned upside down as the newly organized staff of experts and accountants begin their hunt for graft, waste and mismanagement.

Former Senator Elton R. Brown, chief counsel for the committee, took charge of the inquiry in person yesterday when he held an all day conference with Senator Schuyler Meyer, chairman of the committee; several other members, Leonard Wallstein and Samuel Berger, associate counsel.

Raymond F. Almiraal, who as foreman of a Grand Jury did some investigating of municipal affairs and whose little "black book" of secret data may be of help to the State investigators, spent part of the afternoon with the counsel. It was understood that Mr. Almiraal was prepared to assist the committee by revealing any information he could which was not used by the Grand Jury.

Just what branches of police activity have been placed under scrutiny first is not known. The investigators are said to be giving much attention to re-statement in the department. This is one of the oldest forms of political favoritism known.

Senator Meyer said he was interested in learning whether there was truth in report that a prominent police official had received an extended leave of absence. He would not name the official.

Miller and Meyer Confer. Gov. Miller sent for Senator Meyer and went over the organization and development of the committee and the evidence so far gathered. The Governor is deeply interested in the investigation. He will follow it closely through its many stages.

The Governor is partly responsible for the action of the Legislature in creating the joint committee to find out what the trouble with the New York government that its expenses and tax bills keep soaring skywards year after year still a limit of endurance has been reached.

Having given the inquiry his approval, the Governor now proposes to see it through, and there is no doubt he will see to it that a thorough job is done. He believes that the municipal government can be revamped to save millions to the taxpayers and stop the upward trend of taxes. Mr. Miller is believed to be more interested in that phase of the investigation than in the graft hunt.

The sub-committees with Mr. Wallstein and Mr. Berger in charge examined many witnesses. Some were questioned in regard to the Creek street case in Queens, which has been aired in the courts. A dismissed employee charges that the borough administration gave away a street site to a corporation. Borough President Connolly was served with an order to produce the papers in this case. He volunteered to appear in person but suggested the hearing be open to the public.

Assemblyman Maurice Block, Tammany member, who presided yesterday against having secret meetings preliminary to the public hearings, to begin City Hall late this month.

Whelan's Acts Under Scrutiny. The committee's investigators are following numerous leads obtained already in connection with transactions in the Department of Markets and the Department of Plant and Structures. Grover Whelan is Commissioner of the latter important department and is one of Mayor Hylan's personal advisers. It is regarded as a foregone conclusion that the committee will inquire into most of Commissioner Whelan's official acts.

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CONTRACTORS FORCED TO BUY OTHER REALTY TO GET LOANS; RAKE-OFF ON VICTORY NOTES

HERE are a few instances of the methods with which the prospective borrower has been forced to pay high interest rates on mortgage and building loans by insurance companies:

The Prudential Life Insurance Company made a loan of \$500,000 to 108 West Fifty-fifth street, Inc., on the southwest corner of Sixth avenue and Fifty-ninth street, forcing the borrower to purchase property in Hoboken for \$128,000, paying \$15,000 cash and leaving the balance of \$113,000 on mortgage, with annual reductions of principal.

The Brooklyn Savings Bank made a loan of \$240,000 on land at Riverside Drive and 157th street, paying this amount to the borrower in Victory bonds on a par value basis when the securities were quoted around 95.

The Mutual Life Insurance Company made a loan of \$1,450,000 to the Blocton Realty Company, forcing the borrower to buy a score or more of properties in the city for \$650,000, paying \$100,000 cash out of the proceeds of the loan and leaving the balance on mortgage.

The Prudential Life Insurance Company made a loan of \$650,000 to the Jattison Construction Company upon property at 13-19 West Thirty-ninth street, but compelled the borrower to buy a fifty year old frame building at Long Branch, N. J., for \$115,000, of which \$20,000 was paid in cash and deducted from the proceeds of the loan.

MURDER JURY HOLDS BOY'S FATE IN HANDS

Twelve Men Locked Up for Night After Deliberating Six Hours.

DOES NOT MEAN DEATH Punishment Would Be at Discretion of the Judge, Says State's Attorney.

Knox, Ind., June 2.—The jury in the case of eleven-year-old Cecil Burkett, charged with the murder of Bennie Slavin, his seven-year-old playmate, was locked up at 9:45 o'clock to-night, after having deliberated six hours without reaching a verdict. If a verdict is reached to-night it will be sealed and delivered in court to-morrow morning at 9 o'clock.

Final arguments were presented by the State and defense attorneys shortly after the noon recess, and Judge William Pentecost issued his instructions to the jury, advising about 2 P. M. that "A. G. Manning of Kokomo, special prosecutor for the State, in making his final plea to the jury declared the State did not ask for the death penalty, which might be imposed under the charge of first degree murder against Burkett. He told the jury they could return a verdict of manslaughter and allow Judge Pentecost to fix the boy's punishment. The same stand was also taken by Prosecuting Attorney Dilts. In his statement to the jury Attorney G. Reed, in presenting the argument for the defense, declared the evidence against the Burkett boy was largely circumstantial."

Should the boy be found guilty and sentenced to confinement for a period of years he would be sent to the Indiana Boys School until he attained his majority, and then transferred to the State prison, in the opinion of some law authorities.

Just what would happen if the lad were convicted of first degree murder offered a profound mystery to-day. The State's Attorney pointed out the case is the first of its kind in the history of the State. It was the opinion of a long drawn out legal battle would result in case a first degree murder very likely would be returned against Burkett, 9 years old, was admitted to the witness stand at the start of to-day's session to testify in defense of his brother.

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CHILD HIT IN CHASE FOR ATHLETIC THIEF

Four Detectives Follow Fugitive Up, Down, Around and Radially From Centre.

STREETS IN AN UPROAR Prisoner Said to Be Notorious Package Lifter Out on Suspended Sentence.

Capt. John Duane and Detectives Thomas Enright, James Smith and Emil Mack of the East Sixty-seventh street station came down Madison avenue in an automobile yesterday afternoon just in time to see a man, who later said he was David Burke of 209 Alexander avenue, The Bronx, take a package from a truck belonging to the Weber & Heilbronner store at 1505 Broadway, which was standing between Eighty-seventh and Eighty-eighth streets.

Enright jumped from the automobile and ran after Burke, but Burke leaped aboard a southbound Madison avenue car which was passing the corner. The detective also climbed aboard the car before Burke could close the door and Burke then ran around the conductor and dropped off to Madison avenue with the detective at his heels. Meanwhile Capt. Duane and Detectives Mack and Smith had jumped from their automobile and were trying to intercept the fugitive, but Burke dodged them and ran east on Eighty-seventh street.

Detective Enright was close at his heels, and as Burke dodged into the hallway of the apartment house in 21 the detective fired a shot at his heels after he had refused to halt. The bullet struck the sidewalk, bounced and grazed the right arm of Charles Oppelen, 5 years old, who was playing in front of his home in 16 East Eighty-seventh street. The crowd followed, but his screams and the sound of the shot caused considerable excitement.

As soon as he had fired the shot Enright plunged into 21 after Burke, while the other three guarded the place from the outside. But Burke apparently found a way of getting into the basement of the house next door, because he suddenly popped out of 23 and set off east toward Madison avenue as fast as he could run. Enright followed him from the house and the other detectives trailed closely to Madison avenue. The crowd followed. After he had reached Madison avenue Burke turned north. There is a nine story apartment house in 1329, near Ninetieth street, and into the doorway of this Burke plunged, with Enright at his heels. Burke ran up the nine flights of stairs to the roof, and then, finding he could not cross to another roof, he dodged the detective and ran down again. He was very, very tired when he reached the ground floor and ran squarely into the arms of Capt. Duane, who stood at the bottom of the stairs to receive him. Both he and Enright had to sit down and rest before they could go to the East Eighty-eighth street station, where Burke was locked up.

The police say that Burke is a well known package thief and is now out on a five year suspended sentence.

BRITON WINS \$269,100 FOR \$2.75 ON A RACE Never Bet on Horse Before. Took Chance on Sweepstakes.

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New York Herald Bureau. Speaking of Derby winners, there is Steve Donoghue, the jockey who rode Humorist, and J. B. Joel, who owned the horse, but there is another man who has the laugh on both. He is Capt. Alban Jones, R. N. R. D. S. O. assistant marine superintendent of the Union Castle Line, who won the Calcutta sweepstakes, bringing him \$269,100 (\$162,700). The ticket was bought and sold many times before Capt. Jones purchased it for 14 shillings (\$2.75 present exchange). He had never before placed a penny on any horse, and therefore it was his first venture with the sweepstakes. When he heard the result of the race he went for a walk in Hyde Park and listened to the herald.

The ticket was one of a batch sold among employees of the company. Capt. Jones is a middle aged man who is struggling along with a large family and is ignorant of racing. When he was to-day he could not even remember the name of the horse that won for him.

FINANCIAL LEADERS GOT ENORMOUS PROFITS ON BUILDING LOANS

Undermyer Uncovers Trick of Forcing Borrower to Buy Other Realty and Pay Extra Fees.

BIG BONUSES CHARGED Insurance Companies, Bankers and Brokers Accused of Gouging the Public in Rates of Interest.

USURY IS SEEN IN RATES Fire Insurance Exchange to Reform Its Tactics to End All Abuses Complained of in Lockwood Hearing.

Interest rates on mortgage and building loans, characterized by Samuel Undermyer, as so usurious as to constitute an even greater deterrent to building operations than the labor and material combines already exposed, formed the subject of inquiry at yesterday's session of the Lockwood legislative committee.

The investigation took this tack after the members of the New York Fire Insurance Exchange had hurriedly called a meeting for yesterday afternoon and asked Mr. Undermyer to submit recommendations for modification and reform in its practices. Mr. Undermyer sent a list, which was not to be regarded as conclusive, but only as a basis upon which to work, and then suspended this phase of the committee's inquiry until next Tuesday. It was understood yesterday that the voluntary offer of the insurance exchange to reform itself was the direct result of the influence and suggestion of Henry Evans, chairman of the board of directors of the Continental and other companies, who testified before the committee on Wednesday.

The obstacles put in the path of prospective builders by mortgage and loan companies and private individuals specializing in second and third mortgages were formidable and netted handsome profits for the lenders. These were anywhere from 10 per cent up. In some cases, Mr. Undermyer showed, the borrowers were forced to pay high interest on money they never received. That was where mortgages were purchased at two-thirds or less of their face value. In such cases, where the principal was paid in quarterly installments, the rate was shown to be practically incalculable. As F. H. Parsons, a chartered accountant retained by the committee, put it, as the date approached the rate of interest approached infinity.

Unnumbered Ways to Gouge. But the rates were not all. There are brokerage fees, bonuses and disbursements, and on top of these it was frequently shown large lending companies like the Prudential Life Insurance Company and the Mutual Life made it a practice to make the borrower a condition to making the loan, to buy and carry on mortgage properties they did not want, and which in many cases were undesirable. The cash payments involved in each one of these forced sales was deducted from the amount of the loan, still further reducing the amount in the hands of the borrower obtained through the transaction.

When this system, for any reason, was not resorted to it frequently happened that the unfortunate mortgagor was compelled to accept the net face value of the largest Liberty bonds of Victory notes at 90 or 95. Then if he deposited these somewhere else as collateral for a cash loan to begin his building he had to pay interest all over again on the last transaction.

Mr. Undermyer went into the history of scores of transactions of two or three of the largest mortgage brokerage houses in the city covering the period when the building situation was most acute—from 1916 to date. In all cases there appeared in some form or other additional charges that made the interest on the original mortgage a practically insignificant factor in the situation.

Committee members showed keen interest in the sale of undesirable properties to borrowers. In some cases these properties were in Hoboken and Newark. Other times they consisted of vacant lots, tenement buildings or unimproved property in the city districts. Occasionally the lending companies or banks varied the scheme and insisted that the borrower take a junior interest in some second mortgage held by the mortgagor.

The extent of these transactions and their effect upon the building situation may be gathered by the fact that the committee has received reports from 481 firms and institutions to which it sent questionnaires.

Borrowers Become Barren. Sidney W. Hughes of Hughes & Hammond, mortgage brokers, 31 Pine street, was one of the principal witnesses. He said his firm had negotiated a loan of \$1,450,000 last August for the Blocton Realty Company upon a block on the west side of Seventh avenue, between Thirtieth and Thirty-first streets. The lending company was the Mutual Life Insurance Company, which is incorporated in New York. During the investigation Mr. Undermyer asked several witnesses if it was not a fact that the lending company had incorporated themselves or compelled borrowers to incorporate so that they might not later plead usury.

Mr. Undermyer brought out that Levy's property had been appraised at \$2,529,000, so that the transaction was a prime loan for less than half the appraised value of the properties covered by the mortgages. Then he asked if the Blocton Realty Company received the amount of the loan in cash. Mr. Hughes began an affirmative answer but suddenly was checked by the words from the "Don't you know," demanded Mr. Undermyer, "that as a condition to making

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How Both Buyers and Sellers of Autos Get Quick Action: Butte 'Bulletin,' F. of L. Organ, Short of Money.

THE NEW YORK HERALD Telephone Chelsea 4000

