

HB 3717

1907

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The Financial Conspiracy

The Financial Conspiracy of 1907

BRIEF REVIEW OF THE PANIC

and Exhibits of Some of the

Five Hundred Million Dollars
Substitute Money

By ALVAN S. BROWN
TWENTY YEARS IN WALL STREET



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THE FINANCIAL CONSPIRACY

The financial panic of 1907 sounds a warning which all must heed and to which none can afford to remain indifferent.

It is a warning which unheeded spells disaster and ruin to you and me and the nation.

It is a warning which makes a demand for serious attention and calls for thorough investigation.

This panic teaches a lesson we must all act upon.

The panic is rich in events. From them innumerable, valuable lessons may be learned.

The object of the writer is to review some of the events of that memorable panic for the purpose of proving that they were premeditated, and not accidental, as some would have us believe, that they foreshadow grave danger and if repeated will again cause distrust

and fear. Industrial and financial institutions will be wiped out, labor will be idle and privation and stagnation will prevail.

The conspiracy enacted proves, that we are *not* treated equally by the government; that we are *not* protected in our property rights and that our financial, commercial and industrial institutions are in grave peril of being absorbed by the "Money Powers"; that the government has become impotent in the protection of our property or that it has become the instrument of these "Money Powers".

The financial panic of 1907 further demonstrates that with the "money trust" lies the power to withdraw all legal money from circulation, to deny credit, to deprive business institutions of their good will and force them to sell out, merge or fail.

To substantiate the assertions made herein, the following facts are submitted in evidence:

And, if I succeed in arousing the public to a realization of this, the greatest moral crime of the century, I will be amply repaid for my labor.

In the fall of 1907 banks and industrial corporations were actually forced into bankruptcy or into the hands of receivers.

Typical of these banks were the following in the City of New York:

Knickerbocker Trust.

Oriental Bank.

Amsterdam Bank.

Mechanics' & Traders' Bank.

Williamsburg Trust.

Borough Bank of Brooklyn.

And hundreds of others throughout the nation. So much for banks, for the present.

Of industrial corporations a very striking example was furnished by the Tennessee Coal & Iron Company.

It is admitted that the Tennessee Coal & Iron Company had \$200,000,000 in natural resources. It could not, however, market its securities and was compelled to sell to the United States Steel Company for \$29,000,000. That is \$171,000,000 less than the estimate of its natural resources *alone*.

And this purchase, if so it may be termed, was not paid for in cash, but by substituting United States Steel Company's bonds for the stock of the Tennessee Coal & Iron Company.

It is important to note that both Mr. J. P. Morgan and Mr. Geo. W. Perkins were and are directors of the United States Steel Company.

The above facts show hundreds of firms crumbling to dust, as it were, not because of corruption or mis-

management, but because of an extraordinary spontaneous demand for cash.

Two questions present themselves:

First: What caused this sudden demand for cash?

Second: What caused the scarcity of cash?

The answers are: First, the press notices as will be shown in the instance of the Trust Company of America, instigated by one of the arch conspirators, Geo. W. Perkins; Second, the substitute money being circulated as will be evidenced by reproductions of same at the close of the book.

This substitute money was issued to the amount of \$500,000,000, and enabled some of the "Money Lords" to corner the outstanding cash. This was done with a total disregard to the consequences suffered by others.

It is a violation of the law to issue money. It is illegal to do many other things. But law may be circumvented.

It is because the "Money Lords" can afford to pay the best legal talents, that they can purchase the best brains, they are kept informed on how to circumvent the law. By so doing the "Money Lord" lifts himself out of the criminal class and holds himself out as a respectable, aye, even a model citizen.

By issuing these "Money" certificates or "money" substitutes, the "Money Lord" gathers and retains all legal money. Thereby a scarcity of currency is created.

When you are hard pressed, and you feel that you are stifled because of lack of cash, you know where to go. The "Money Lord" knows that it is against the law to charge more than the legal rate of interest, but he also knows that he may charge a bonus for "procuring" the money or a fee for "his" counsel. And he does.

His activity is like that of the steam roller. As the steam roller moves, everything on its path is crushed

and flattened. It possesses no feeling, it knows no mercy and heeds no cries. It is cold and hard and crushing. You are at the mercy of the mercyleless. You realize that it is a foul game. "Yes, my 'Money Lord,' you hold the cards, you shuffle them, you hand them around, you tell us which to play, you make your own rules, you dictate your own terms. And we obey and begin to realize that your 'justice is but a sham and delusion."

In October, 1907, the money situation was such, that the powers controlling it, probably found that the time was ripe for the execution of the plans which they had laid to exterminate the UNDESIRABLE competitors in the financial and industrial fields.

Rumblings had been heard for some weeks and on October 22d, the storm broke loose.

The Knickerbocker Trust Company closed its doors.

During that day it payed out \$8,000,000 in *cash*; the last demand being a check for \$1,500,000.

Here we have a concern forced into receivership, by unusual efforts, by unusual demands.

Where did the demand for the million and a half come from? It came from the Hanover National Bank, of which Mr. James Stillman was a director. And Mr. Stillman is no small character; he is besides director of the above named bank, also President of the National City Bank, a Rockefeller institution.

It is of importance to note that the New York Times of October 23, 1907, expressly states, "\$1,500,000, Hanover National check closes the Knickerbocker Trust Co."

So far we see in the Tennessee Coal & Iron Company the Morgan interests at work; in the Knickerbocker Trust Company, the Rockefeller interests at

work. Thus far we see them at work, separately. As we proceed we will also see them at work, jointly.

On the same day, October 22d, the Trust Company of America paid out, in cash, \$1,500,000, and yet Mr. Oakleigh Thorne, its president, informs us that the run on the Knickerbocker Trust Company in no way affected his company.

Again, on that same day, October 22d, after banking hours, Mr. George W. Perkins and Mr. Henry P. Davison, both of the firm of J. P. Morgan & Co., called on Mr. Oakleigh Thorne at the offices of the Trust Company of America. They thoroughly examined the financial condition of the institution.

It showed, to be brief, that it had \$74,000,000 in assets, of which \$12,000,000 was in cash.

Mr. Perkins and Mr. Davison said to Mr. Thorne: "They were pleased to find the conditions as good as they were."

That same night, October 22d, a secret meeting was held at the Manhattan Hotel. Ostensibly to save the Trust Company of America. Present on this event were Mr. George W. Perkins, Mr. Henry P. Davison, Mr. J. P. Morgan, Mr. George B. Cortelyou, then Secretary of the U. S. Treasury, and a member of the cabinet of President Theodore Roosevelt and others. But Mr. Thorne, *President* of the Trust Company of America, was conspicuous by his absence. He, the most interested of all was *not* invited.

And this self-appointed committee decided—What? To *save* the Trust Company of America. For whom? Judge for yourself.

Mr. Perkins, now informed on the financial standing of the Trust Company of America, gets busy.

He prepares a statement for publication. It is delivered to Mr. Melville E. Stone, Manager of the Associated Press. On the following morning, October 23d,

it appears in the New York Times and in part, reads as follows:

“The chief sore point of the panic is the Trust Company of America, etc.”

Its result was obvious.

A run was started on the Trust Company of America. Its president, Mr. Thorne, made every effort possible, to stop the run, opening several extra pay windows, but of no avail. On that day the Trust Company of America was compelled to pay out \$13,500,000 in *cash*.

In the meantime, Mr. Thorne made it his object to see Mr. M. E. Stone, for the purpose of informing him that the statement which appeared in the Times was not true as to the condition of the Trust Company of America, and also to see Mr. J. P. Morgan from whom he intended to borrow money.

Mr. Morgan put Mr. Thorne off for some time. He

said the committee appointed to make the investigation had not reported.

Mr. Thorne, was, at that time, unaware of the midnight meeting held at the Manhattan Hotel by Mr. Morgan, Mr. Perkins and others.

It might be added that when Mr. Thorne called at the office of Mr. Morgan on October 23d, Mr. Perkins, Mr. Davison and Mr. Stillman, President of the Rockefeller Bank, were present. Here we have them jointly; Rockefeller's representative in Morgan's office, planning to “save”.

It is quite evident that the action of Mr. J. P. Morgan was a subterfuge, and that he waited for the psychological moment to “get” Mr. Thorne or his institution to accede to his terms. The terms were \$20,000,000 of securities selected by Mr. Morgan's own committee, for a \$10,000,000 loan, only \$6,000,000 of which was immediately advanced—the rest in installments. Later

a loan of the same nature of \$15,000,000 on \$30,000,000 of picked securities was made.

As a result of Mr. Perkin's machinations, the firm of J. P. Morgan & Co. and others, got possession of \$50,000,000 of the most valuable securities held by the Trust Company of America by advancing \$25,000,000 in installments. Some saving!

It is quite plain that the Morgan-Rockefeller clique killed two birds with one stone.

First: The Knickerbocker Trust Company was compelled to close upon presentation of a check for \$1,500,000, drawn by the Hanover National Bank, of which, Mr. James Stillman, the father-in-law of Mr. William Rockefeller's two sons, is a director.

Second: As the direct result of the publication of Mr. Perkin's statement in the New York Times, the run on the Trust Company of America occurred.

It was these events that intensified the real panic.

They put our country in a frenzy, caused untold suffering, misery and numerous suicides.

These and other events helped the money oligarchy to obtain control of 36 per cent of the wealth of the nation. (N. Y. World, October 21, 1912).

Mr. Oakleigh Thorne, formerly president of the Trust Company of America, through merging of that Trust Company with the Equitable Trust Company (a Morgan institution), has been cast aside, like a squeezed lemon.

Mr. John D. Barney, formerly president of the Knickerbocker Trust Company, committed suicide. He left a letter saying: "I do not kill myself because I am a poor man, but because I have lost faith in mankind."

Mr. George B. Cortelyou is now (November, 1912), the president of the Consolidated Gas Company of New York. This is a William Rockefeller (the brother of John D. Rockefeller) concern.

A few questions might now be in place.

First: What was the object of Mr. Perkins in investigating the Trust Company of America?

Second: Why, after he had declared himself: "Pleased to find the conditions as good", did he publish a statement which caused a run on the Trust Company of America?

Third: Why a secret midnight meeting and Mr. Thorne, an interested party, not invited?

Fourth: How comes Mr. George B. Cortelyou, Sec-

retary of the U. S. Treasury and member of the Cabinet of President Theodore Roosevelt, to be present?

Fifth: Why did the U. S. Treasury, with the knowledge and consent of President Theodore Roosevelt, turn over \$25,000,000, in cash, to Mr. J. P. Morgan?

Sixth: Why was not that \$25,000,000 advanced to the suffering banks, which had a super-abundance of gilt-edge securities, and whose only ailment was the lack of cash?

Seventh: How was it that the banks and industrial corporations that stood in the good graces of the "Financial Fraternity" were able to issue and *circulate* the substitute money, some exhibits of which I herewith submit in the following pages?

SUBSTITUTE MONEY ISSUED.

Congress, alone, has the power to issue money. Constitution of the United States of America, Article 1, Section 10—No state shall coin money, emit bills of credit or make anything but gold and silver coin a tender of payment of debts.

In presenting the following exhibits of "unlawful" money issued by many banks in many cities in all parts of the United States, we call the reader's attention to the fact that at no time was public attention called to it.

The exhibits shown are reproductions of some of the substitute money (?) issued, to the amount of \$500,000,000 by banks and associations throughout the

United States and range in denominations from 25 cents to \$50,000. No. 1 is an exhibit of the 25c type issued by the Montgomery Clearing House, Alabama. No. 2 is an exhibit of those issued by the New York Clearing House Association to the amount of \$101,000,000.

The date of the first issue was October 26th, 1907. The last issue was January 30th, 1908, final cancella-

tion March 28th, 1908, just one hundred and twenty-five banking days to carry out their plans. Then the lawful money was restored.

How was it these institutions could gauge so accurately the length of the panic as to practically guarantee payment of debts at a set date?

In the manufacturing centres of the nation, the wage workers were paid in "payroll" checks of which No. 3 and 4 are exhibits. Only those industries which were in good standing with the Money Trust enjoyed this privilege. Typical of these were the Standard Oil Company, Duluth and Iron Range R. R., etc. Some of these "payroll" checks had this notice:

"To our employees: This check will be received in payment of your bill by merchants and business men and will be deposited by them in their banks for payment through the Clearing House."

This proved to be a means of draining the merchants

of all available lawful money, and forced them to accept in lieu thereof, instruments of which it was said:

"Many of these checks had no collateral security back of them, and were accepted purely on the responsibility of the issuing bank."

This is the kind of money (?) that the gold miners of Goldfield, Nevada, had refused to accept in lieu of authorized legal tender and had gone on strike against. President Theodore Roosevelt on November 18, 1907, issued orders to General Funston, to dispatch a sufficient force of Federal troops from Presidio (San Francisco, Cal.), to make the miners take more kindly to the scrip at the point of the bayonet.

See Appeal to Reason, Kansas, December 14, December 28 1907, and New York Daily People, December 7, 1907.

No. 5 is an exhibit of some of the money (?) issued by the following banks at Lincoln, Neb., from November 1st, 1907, to January 15th, 1908:

National Bank of Commerce.

The Central National Bank.

First National Bank.

City National Bank.

Farmers' & Merchants' Bank.

This is the home town of William Jennings Bryan, who, in 1896, had startled the Nation by his cry: "You shall not press down upon the brow of Labor this crown of thorns; you shall not crucify mankind upon a cross of gold. * * * We say in our platform that we believe that the right to coin and *issue* money is a function of government. We believe it. We believe that it is a part of sovereignty, and can no more with safety be delegated to private individuals than we can afford to delegate to private individuals the power to make penal statutes or levy taxes."—William Jennings

Bryan, before the Democratic National Convention, Chicago, Ill., July 9, 1896.

You will notice that this paper money (?) was issued eleven years after the great financial campaign of 1896, wherein the issue was the Gold Standard vs. Free Silver, one championed by William McKinley, the other by William Jennings Bryan, both declaring that the "Money of the Constitution" should be the money of the Nation. The voters, by electing William McKinley, decided that the Gold Standard should prevail.

Notwithstanding this, at Canton, Ohio, the home town of the late President William McKinley, the Clearing House issued substitute paper money in the amounts of \$1, \$2, \$5 and \$10 (see exhibit No. 6).

Hon. Judge Alton Brooks Parker, the nominee for the Presidency by the Democratic Convention held at St. Louis, Mo., July 9, 1904, sent a message to the convention declining to accept the nomination, except on

the understanding that he would maintain the gold standard of money value.

The telegram read:

“To the Delegates at the Democratic Convention: I regard the Gold Standard as firmly and irrevocably established, and I shall act accordingly.

ALTON B. PARKER.”

At Portland, Ore., and Seattle, Wash. (see exhibit No. 7), the money (?) instead of being based on Gold and Silver as is generally required by law, was issued by resolution of the Clearing House Association, upon Lumber, Wheat and *Canned Fish* to the amount of 75 per cent of what *they* claimed it to be worth.

In Portland, Los Angeles and Spokane (see exhibits Nos. 7, 8 and 9), the substitute money bore close resemblance to real money.

These exhibits of money (?) conclusively prove that preparations had long been made and care taken to

circumvent the law of the various states. They suggest premeditation and design in engineering this affair.

The facts herein shown make it self-evident that the “Money Trust” has it in its power to eliminate any Banker, Merchant, Manufacturer, Farmer or Wage Worker they deem advisable. Whether he be the custodian of seventy-four million, as was Mr. Thorne, or part owner of a corporation, like the Tennessee Coal & Iron Co., with two hundred millions of property. For this Financial Oligarchy are a law unto themselves and dictators to all others.

Therefore, unless earnest thought and careful consideration is given to this situation, unless a concerted move is made to prevent a repetition thereof, this Nation, to its sorrow, will soon realize that its people are gradually being deprived of their incentives, hopes and aspirations and that the great body of American citizens will be reduced to industrial servitude.

MONTGOMERY CLEARING HOUSE CERTIFICATE

MONTGOMERY, ALA.

25 cts.

1907

THIS CERTIFIES That the
 of Montgomery, Alabama, has deposited with the undersigned Committee of the Montgomery Clearing House,
 approved securities of double the value of this Certificate, or United States, State of Alabama, or approved Muni-
 cipal Bonds for the payment of the sum of TWENTY-FIVE CENTS to said Bank or Bearer in lawful money of the United
 States, at ninety days from date, or earlier at the option of said Bank, but no Certificate is to be issued bearing date
 later than *January 1st, 1908*. This Certificate will be received on deposit by any Bank or Banker belonging to the
 Clearing House Association of Montgomery, at par, at any time before its maturity

A No. **9559**

Not Valid until endorsed by Bank named herein.

James B. Farley
Wm. Reynolds *Sylvan Baum*
Michael Body *Wm. E. Hallaway*

Committee.

Countersigned:

W.A. Duffield Secretary.

No. 50593

\$50,000.

Loan Committee of the New York Clearing House Association

New York, _____

*This Certifies, that the _____
has deposited with this Committee, securities in accordance with the proceedings of
Meeting of the Association, held October 28th, 1907 upon which this Certificate is
issued. This Certificate will be received in payment of balances at the Clearing House
for the sum of **FIFTY THOUSAND DOLLARS.** from any Member of the Clearing
House Association.*

On the surrender of this Certificate by the depositing Bank
above named, the Committee will endorse the amount as a pay-
ment on the obligation of said Bank, held by them, and surrender
a proportionate share of the collateral securities held therefor.

\$50,000.

Committee.

FIFTY THOUSAND DOLLARS.

PAY ROLL ACCOUNT

No. C. 10018

New York,

NOV 29 1907

The National City Bank

OF NEW YORK

Pay to the Order of BEARER

PAYABLE ONLY THROUGH
NEW YORK CLEARING HOUSE

Two ⁰⁰/₁₀₀

Dollars.

Standard Oil Co. of New York

\$2 ⁰⁰/₁₀₀



Attorney

The Hejner Press, N. Y.

PAYABLE ONLY THROUGH THE DULUTH CLEARING HOUSE

2

2

CROXTON MINING COMPANY

No.

PAY TO BEARER

HIBBING, MINN. NOV. 1, 1907

TWO

DOLLARS



PAY ROLL CHECK

To FIRST NATIONAL BANK.
DULUTH, MINN.

Drawn on 11/1/07

GENERAL MANAGER.

PAYABLE ONLY THROUGH THE DULUTH CLEARING HOUSE

Farmers & Merchants Bank

INDIANAPOLIS

October 29,

1907



PAY TO
THE ORDER OF

BEARER

\$ 10.00

TEN

DOLLARS

Cashier Check No.

2204

C. J. Kinney

Cashier

\$1.00

Canton, Ohio, November 11, 1907.

PAY TO THE BEARER

ONE DOLLAR ~~ONE DOLLAR~~ \$1.00

PAYABLE ONLY THROUGH THE CANTON CLEARING HOUSE.

THE FIRST NATIONAL BANK,

NOV 11 1907

Cashier.

PORTLAND CLEARING HOUSE ASSOCIATION

PORTLAND, OREGON NOVEMBER 2ND 1907

This certifies that The Bank composing the Portland Clearing House Association of Portland Oregon with the undersigned as its committee of audit Association notes bills of exchange and other negotiable instruments of thirty dollars (\$30.00) secured by wheat, grain, canned fish, lumber, actually sold and other marketable products and bonds approved by the committee to secure to the bearer of this certificate the payment of the sum of

TWENTY DOLLARS \$20.00

in lawful money of the United States of America, payable on or before the first day of February 1908. This certificate is issued in pursuance of a resolution of the Portland Clearing House Association adopted at a meeting of said Association held on the second day of November 1907 and will be received on deposit or in payment of debts due any bank in said Association for that

Not good until countersigned by
C. F. Mansfield, Sec'y
J. W. Pritchard, Registrar

[Handwritten signature]
Cashier





Los Angeles Clearing House Certificate
 No 350381 Los Angeles, California, November 5th 1907.

ONE DOLLAR

Securities having been deposited with the Clearing House Committee of the Los Angeles Clearing House Association, this Certificate will be accepted for the sum named hereon by the Banks composing said Association or any Bank dealing through a member thereof.

C. D. Collins
 Cashier

J. A. Grave
 President



November 1, 1907

117 B 2890

Spokane Clearing House Association Check



TEN DOLLARS



The Spokane Clearing House Association will pay to the
bearer hereof on demand

PAYABLE IN CLEARING HOUSE
FUNDS ONLY

J. H. ...
DEPUTY MANAGER



**Financial Conspiracy
of 1907**

by

ALVAN S. BROWN

83 Nassau Street

New York

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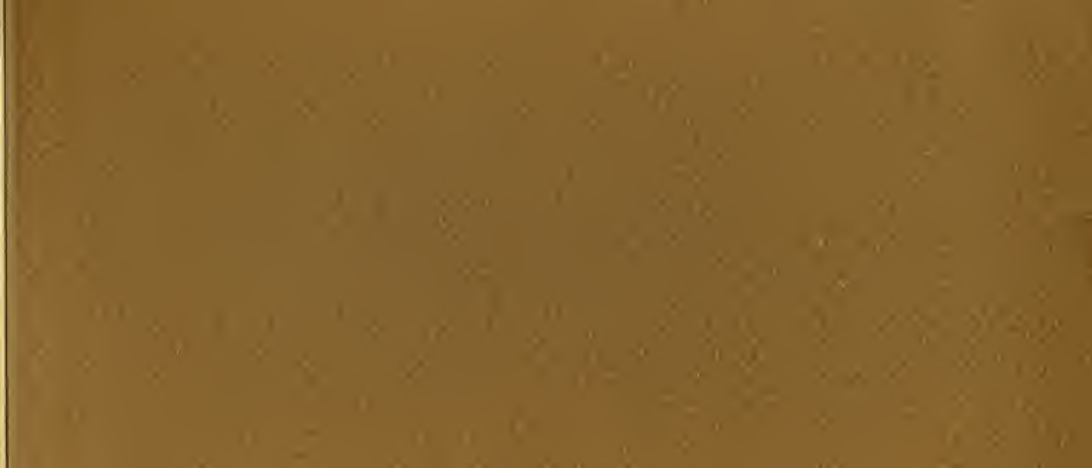
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