

BUNCOING THE BUSINESS MAN

By JOHN M. GLENN,

Secretary Illinois Manufacturers' Association.

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Often the inference is drawn that only the wage-worker, the unprotected woman and the man without business experience monopolize the space in the swindlers' list of victims. This impression is far from warranted by the facts. The truth, as gained from the records of hundreds of swindles which the federal, state and city authorities have run to earth, is decidedly unflattering to the shrewdness of the average business man—the merchant, the manufacturer, the contractor and the man who gains his livelihood by barter and sale.

Of late the business man has received special attention from the progressive and up-to-date swindler and several special and adroit schemes have been prepared to divorce him from his money. An important feature of several of these devices is an element of potential blackmail introduced for the purpose of silencing any victim who may be inclined to put up a fight after he has parted with his money and it becomes apparent to him that he is to get nothing in return for his investment.

Hundreds of ambitious business men throughout the country have been caught in the snare of the swindler who poses as a capitalist with an abundance of money with which to finance manufacturing and merchandizing enterprises. These sharpers, claiming to furnish capital to business concerns, get hold of their victims in two ways: It is a common practice for men who wish to secure capital for an enterprise to advertise to that effect—and in good faith. These advertisements are immediately clipped and answered by the fake capital-furnishing concerns. The letter is craftily and conservatively written and contains the plain inference that the capital will not be forthcoming until the proposition has been carefully sifted. He is also told, in the original letter, that a personal interview will be necessary and is invited to come to the offices of the company. The other method for getting in touch with prospective victims is for the concern alleging to have the capital to advertise to that effect. Those answering the advertisement are also sent the same letter already described. It should be noted that the one thing insisted upon in every letter is a personal interview in the offices of the company.

When the man who is doing a prosperous little manufacturing business reads this letter he sees bright visions of the future and hastens to the office loaded with the best arguments and evidences of the present and prospective success of his business which he can muster. He generally finds the capitalist in a well-furnished office. He is taken out to luncheon or dinner and is treated handsomely but conservatively, for conservatism is the essence of the methods by which this class of swindlers work.

After the man who is looking for capital carefully explains the nature and condition of business and of the field of its operation he is carefully questioned by the capitalist. The interrogations are shrewd and pointed and such as would be asked by a banker or the credit man of a big merchandising house.

Finally the capitalist admits that the business has really remarkable prospects and should be floated on a basis sufficient to provide for and insure the wonderful expansion of which it is capable. He then suggests that it could be readily bonded for a figure much beyond the amount of capital asked by the manufacturer. The offer is then made by the capitalist that he will agree to place the bonds to that amount on a commission basis, and do so at once. There will be no trouble about that, as he has a man looking for just such an investment. The papers are drawn up and the manufacturer is correspondingly elated.

Suddenly, in a purely incidental way, the capitalist looks up from the blank contract which he is filling out and asks the name of the company which is to guarantee the bonds. The manufacturer is astonished and asks an explanation. He is told that in these days a bond which is not guaranteed has no chance whatever on the market; that this precaution is invariably demanded by the up-to-date bond purchaser. "But," adds the capitalist, "you will have no difficulty on that score. There are a half-dozen reliable guarantee companies within a block of here which will be glad to act on so substantial a proposition as yours. There is the Impregnable in this building, the Invincible in the next block, and the Prudentia in the Prudential Bank block. Go to any one of them, talk it over and if there is any trouble about getting the guarantee call me up on the phone."

Probably the manufacturer says he will go to the Prudentia, because it is in the Prudential Bank building, and he draws the inference that there is some connection between the bank and the guarantee company. Whenever it is possible these companies locate in bank buildings in order to create this inference. He finds the offices of the guarantee company resplendent in plate glass and mahogany, and in the elegant private office of the president he tells about his business and the offer of the capitalist. The president contrives, if possible, incidentally to learn how much money he has on his person or in a bank in the city or near the city. If he succeeds in drawing out this information and learns that the sum is, say, \$1,000, he eventually makes his propo-

sition to guarantee the bonds for double that amount.

"But I can't pay more than half that down," answers the manufacturer.

"Well," responds the president of the guarantee company, "we are compelled to have our fee in advance in every case; our business is conducted very much on the lines of a bank. However, Mr. Capitalist, who is to place your bonds, has a material interest in seeing this transaction go through, and no doubt he will be willing to advance half the fee and take it from the proceeds of the bonds when he sells them. Shall I call him up on the phone and ask him?"

This is done and after a little dicker-ing the agreement is made. The manufacturer goes back to the office of the capitalist, gets a check for a thousand dollars, puts his own thousand dollars with it and turns both over to the president of the guarantee company. Then the contract for the sale of the bonds is completed and signed. It contains a provision that an examiner shall be sent to examine the plant, books and assets of the manufacturing concern and make a report. The capitalist explains that this is a routine formality and merely by way of official confirmation of the statements made by the manufacturer, of the accuracy of which the capitalist has not the least doubt.

The examiner duly visits the manufacturer and makes himself very agreeable. After a time, when the manufacturer gets no money from the sale of his bonds and no satisfaction from his letters to the capitalist he makes another personal call. The moment he enters the office he is made to feel a decided change in the temperature of the place. The bearing of the capitalist is one of outraged innocence. He presses a button and instructs the "secretary" responding to the summons to bring the report of the special examiner who handled the manufacturer's case. This report is read to the manufacturer, who is astounded to hear that it states that his original representations, made to the capitalists, were grossly exaggerated and without substantial foundation, and recommends that the manufacturer be prosecuted for attempting to deceive and swindle the capitalist, who terminates the interview by making the manufacturer feel like a felon about to be sentenced. If the manufacturer does not himself plead for mercy the capitalist finally indicates that he is inclined to be lenient and has determined not to prosecute; but if the manufacturer is obstreperous he will be "punished to the limit of the law."

Meantime the worthless check for \$1,000 sent by the capitalist to the president of the guarantee company has been torn up and these confederates have divided the manufacturer's \$1,000 between them. This scheme has been worked with many variations upon hundreds of business men looking for capital. They have taken in hundreds of thousands of dollars in the country at large and have been particularly successful in Chicago. However, a very considerable number of them have been prosecuted by federal and state authorities and have been sentenced to heavy terms.

Another scheme which brought generous fortunes to its operators, and which also contains the element of potential blackmail, is the wildcat insurance fraud. The small business man was a frequent victim of this swindle. The names of the wildcat insurance companies were invariably built upon the titles of the standard insurance companies in order to lead the public into confusing their identity. Agents for these wildcat concerns had no difficulty in placing immense amounts of this insurance at cut rates. The householder, the farmer, the merchant or the manufacturer figured that he had picked up a bargain in insurance and had made a material saving.

Often, at the outset, a company of this stripe would pay a few small losses in scattered communities in order to bait other residents of the locality to take out more policies. But the first material loss brought matters to a crisis and the "adjustor" sent to report upon the loss seldom, if ever, failed to turn in a finding more or less boldly implicating the holder of the policy in the charge of arson. Of course it was intimated that if he preferred to drop the matter this ugly charge would not be made public, but if he insisted upon pressing the claim of loss his good name would have to suffer and the whole thing would be aired in court. Many of these wildcat insurance swindlers have been convicted in Chicago as a result of the energy and vigilance of the federal, state and municipal authorities, but the success of these operations demonstrated that the business man is not exempt from the wiles of the swindler.

As a matter of fact, "sucker lists" of business men are in sharp demand in the offices of swindlers. They realize that the average business man has a weakness for "making money on the side" in ventures of wholly a different character from that with which his own business has made him familiar. He is trapped because he will not thoroughly investigate before he parts with his money.

JOHN M. GLENN,

Uncertain.

"Has your employer any degree of perspicacity?"

"He has some queer kind of fits, but I dunno what the doctor calls it."—Baltimore American.

A PROPOSAL TO CUT WAGES

OF RAILROADERS ATTRACTS THE PRESIDENT'S ATTENTION.

He Asks Inter-State Commerce Commission to Ascertain Whether Such Reductions are Necessary.

Washington, D. C.—Serious industrial disputes in prospect were in the mind of President Roosevelt when he wrote a letter to the inter-state commerce commission which was made public Wednesday. He says that information has reached him that on account of the enactment of drastic laws by congress and by various state legislatures it is regarded necessary by railroad companies to reduce the pay of employees.

He points out that, under the law, either party may demand the services of the chairman of the inter-state commerce commission and of the commissioner of labor as a board of conciliation. He suggests that the inter-state commerce commission make such an investigation as will enable it to furnish data concerning wage conditions on various railroads as may relate to the possibly impending controversy. The letter follows: "To the Inter-State Commerce Commission: I am informed that a number of railroad companies have served notice of a proposed reduction of wages on their employees. One of them, the Louisville & Nashville, in announcing the reduction states that 'the drastic laws inimical to the interests of the railroads that have in the past year or two been enacted by congress and the state legislatures' are largely or chiefly responsible for the conditions requiring the reduction."

"Under such circumstances the public may soon be confronted with serious industrial disputes and the law provides that in such cases either party may demand the services of your chairman and of the commissioner of labor as a board of mediation and conciliation. These reductions in wages may be warranted, or they may not. As to this the public, which is a vitally interested party, can form no judgment without a more complete knowledge of essential facts and real merits of the case than it now has or it can possibly obtain from the special pleadings certain to be put forth by each side in case their dispute should bring about serious interruption to traffic.

"If the reduction in wages is due to natural causes, the loss of business being such that the burden should be, and is, equitably distributed between capitalist and wage-worker, the public should know it. If it is caused by legislation, the public and congress should know it, and if it is caused by misconduct in the past financial or other operations of any railroad, then everybody should know it, especially if the excuse of unfriendly legislation is advanced as a method of covering up past business misconduct by the railroad managers, or as a justification for failure to treat fairly the wage-earning employees of the company."

"Moreover, an industrial conflict between a railroad corporation and its employees offers peculiar opportunities to any small number of evil-disposed persons to destroy life and property and foment public disorder. Of course, if life, property and public order are endangered, prompt measures for their protection become the first plain duty. All other issues then become subordinate to the preservation of the public peace and the real merits of the original controversy are lost from view. This vital consideration should be ever kept in mind by all law-abiding and far-sighted members of labor organizations.

"I therefore ask you to make such investigation as will enable you to furnish data concerning such conditions obtaining on the Louisville & Nashville and any other roads, as may relate to the real merits of the possibly impending controversy."

TRAINS STUCK IN SNOW DRIFTS.

More Than a Dozen Such Cases Resulted from a Great Storm in Michigan.

Detroit, Mich.—At least 13 passenger trains poked their pilots into impervious snow drifts throughout Michigan on Wednesday and late last evening reports from out in the state indicated that some of these trains were still snowbound. Traffic was completely abandoned on the Kalamazoo, Lake Shore & Chicago railroad, and on the Port Austin division of the Pere Marquette only one train was sent over the line. The Allegan division of the Lake Shore & Michigan Southern was completely blocked, as was also the Midland-Bay City-Vassar division of the Michigan Central. The westbound Wolverine flyer on the Michigan Central buried itself near Comstock in a drift out of which five locomotives were unable to release it. The passengers were transferred to another train and were carried past the drift on the eastbound track while 100 men were set at work with shovels to dig cut the snowbound "flyer." Other trains were snowbound during the day near Ionia, Lottleville, Ind., Deckerville, Owendale, Allegan, Sheffield, Kalamazoo, Adrian and Munger.

Congress.

Washington.—In the senate on the 19th Mr. Johnston, of Alabama, made a speech in opposition to the Aldrich financial bill. The house spent the day in consideration of the bill providing for taking the census in 1910.

A Big Reduction in Working Force.

Topeka, Kan.—The Atchison Topeka & Santa Fe Railroad Co. has ordered a reduction of 18 per cent. in the mechanical department all over the system. Two hundred were discharged Wednesday in the Topeka shops. Reductions were made in other Kansas shops.

A Bold Crime.

New Orleans, La.—A \$15,000 diamond robbery in broad daylight, with hundreds of persons passing at the time, was perpetrated here Wednesday at the jewelry establishment of M. Waldhorn & Co.

LILLEY HINTS AT SCANDAL

IN CONNECTION WITH CONTRACTS FOR SUBMARINES.

Connecticut Congressman Alleges that Improper Influences Have Swayed Naval Affairs Committee.

Washington, D. C.—Representative Lilley, of Connecticut, whose introduction of a resolution calling for an investigation of improper methods said to have been employed by the Electric Boat Co. in endeavoring to have its submarine boats chosen by the house committee on naval affairs, has caused a sensation, is to be called before the committee on rules, to which the resolution was referred. Speaker Cannon is chairman of that committee. It is understood that if Mr. Lilley can show the committee on rules that there is substantial ground for his charges, his resolution will be favorably reported to the house.

Chairman Foss, of the committee on naval affairs, was unwilling to make a formal statement with regard to Mr. Lilley's resolution and the charges back of it. Mr. Foss' attitude was that he preferred not to take official notice of the affair because it was now in the hands of the committee on rules.

Mr. Foss has been for years an uncompromising opponent of the submarine torpedo boat as a fighting craft.

The examination of the charge that a conspiracy existed among certain members of the naval committee to "turn down President Roosevelt's naval construction program" shows that a majority of the committee expressed themselves at the meeting on February 10 as strongly in favor of authorizing the four battleships asked for by the president, but they adopted the view of Chairman Foss, that to report such a recommendation would merely cause the committee to be reversed on the floor of the house and they therefore voted to recommend two battleships, the limit of authorization that would be supported by the house in the opinion of the chairman, who had consulted house leaders.

TERRORIST PLOT FAILED.

Plan to Murder a Russian Grand Duke and a Cabinet Minister Frustrated.

St. Petersburg.—The frustration in this city Thursday of a Terrorist plot and the arrest on the streets of no less than 50 men and women for alleged complicity was followed Friday by the capture in suburban towns of several other persons implicated in the abortive attempt at assassination, who were gathered in just as they were trying to escape. The police believe they have made the most important move against the Terrorists that has been engineered in several years.

The plot came very much nearer maturity than did the last unsuccessful conspiracy against the emperor, the participants in which were tried and condemned last July. According to the police, the band that started out to do murder had two victims in view, Grand Duke Nicholas Nicholasievitch, son of Grand Duke Michael, and M. Tchchelegovitch, the minister of justice. Both the grand duke and the minister were to have been assassinated between their residences and the railroad station at Tsarskoe-Selo, where they were going to see the emperor. Two distinct revolutionary organizations were concerned. The first had its headquarters in Finland and the second was the so-called northern flying column, recruited in the vicinity of Moscow.

THE NATIONAL LAWMAKERS.

Proceedings of the Senate and House of Representatives.

Washington.—In the senate on the 19th Mr. Johnston, of Alabama, made a speech in opposition to the Aldrich financial bill. The house spent the day in consideration of the bill providing for taking the census in 1910.

Washington.—Because of the death of Senator Latimer, of South Carolina, both branches of congress adjourned on the 20th, the senate almost immediately after convening and the house an hour after receiving notification of the senator's demise.

Washington.—On the 21st the senate adopted the Tillman resolution authorizing the attorney general to prosecute the transportation companies in Oregon that received public lands and violated the terms of the grant. The house devoted its session to debate of the District of Columbia street railway bill.

FINANCE AND TRADE.

A Slight Improvement Is Noted, but Progress Is Slow.

New York City.—R. G. Dun & Co.'s Weekly Review of Trade says:

Further slight improvement is noted in volume of trade and confidence in the future is also greater, but progress is slow. Buyers have attended the primary and jobbing markets in large numbers, placing fair orders for spring goods, although the disposition is still to restrict operations to small quantities, upon which prompt shipment is usually urged. Manufacturers anticipate early supplementary orders, however, as the pressure for quick delivery is considered endorsement of the general belief that stocks are low. More mills and factories have resumed, and it is announced that many other plants will open next month.

A Veteran Newspaper Man Dies.

Washington, D. C.—Crosby Stuart Noyes, editor of the Washington Star, died Friday at Pasadena, Cal., aged 83 years. Sixty years of his life had been spent in the newspaper business. He had traveled much in foreign lands and was active in bringing about the annexation of Hawaii.

Snow's Shortage Is \$148,350.

New York City.—According to a statement issued by the New York and New Jersey Telephone Co., the shortage in the accounts of Henry S. Snow, formerly treasurer of the company, amounts to \$148,350.

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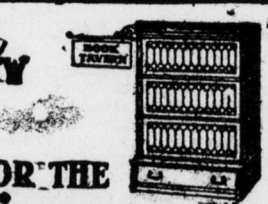
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