

LILLEY PRESENTS WARM STATEMENT

He Intimates That Investigation
Committee Tries to Ham-
per Him.

REVEALS SOME PRACTICES

Declares Papers Were Subsidized and
That Speaker Cannon Was Sus-
ceptible to "Influence."

Washington, March 12.—The Lilley submarine boat inquiry was begun in earnest today by a special house committee. Beginning at 10 o'clock, the committee continued its work during the greater part of the day. Representative Lilley was heard at length. To begin his testimony by reading a long typewritten statement, a part of which was in the nature of an affidavit, in which he outlined his charges in detail. When he had completed this formal presentation he was questioned at length by Representative Olmstead of the committee, who was designated by Chairman Boutwell to perform that service.

SPEAKER CANNON IN IT.
During the afternoon session Representative Richmond P. Hobson testified that he had been approached by a man representing the Electric Boat company, who told him that if he would support the claims of that company before Congress, the company could bring influence to bear upon Speaker Cannon to have him (Hobson) appointed on the committee on naval affairs.

At the suggestion of Chairman Boutwell the names of the attorneys representing interested parties were entered upon the record. Mr. Lilley introduced Frank T. Brown of Norwich and State Senator Stiles Johnson of Bridgeport, as his counsel. Martin W. Littleton of New York announced that John D. Lindsay, also of New York, and himself represented the Electric Boat company.

COMPANY OWNS NOTHING.

In reply to one of Mr. Olmstead's questions, Mr. Lilley said the Electric Boat company had no plant and no assets. He declared that that company did not build boats, its only business being to secure contracts for boats and then subcontract the work. Mr. Lilley gave the names of the Connecticut manufacturers and the attorney who had asked him, according to his statement, to vote for an appropriation for submarine boat legislation. The manufacturers, he said, were Franklin H. Taylor of Waterbury and A. M. Ferris of the Bridgeport Brass company; the attorney was John T. Kellogg of Waterbury.

IT WORKS ONE WAY.

Mr. Lilley said it was his understanding that there was an agreement between the Electric Boat company and Vickers' Sons and Maxim of England, who are building English submarine boats, whereby all the improvements made by the Electric Boat company are turned over to the English company, but under which all of the improvements made by the Vickers' Sons and Maxim are not given to the Electric Boat company.

A discussion arose over Mr. Olmstead and Mr. Lilley over that portion

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of Mr. Lilley's statement relating to newspaper correspondents and the part they have taken in the ongoing great Mr. Lilley turned a sentiment for submarines, particularly on the Pacific coast.

GETTING THE PEOPLE.

"While," he said, "I have no direct testimony to offer on that subject, I am told that they (the Electric Boat company) have been making meetings of boards of trade, chambers of commerce, etc., and who get up in their meetings and make addresses on the unpreparedness of the Pacific coast and the fact that the Japanese will be over on the next boat, and thus get resolutions passed instructing their congressmen to vote for a large number of submarines as the best means of protecting them from invasion. I think it reprehensible conduct on the part of the company to hire lawyers and newspaper men to go about and create war scares and work through boards of trade and chambers of commerce to bring pressure to bear on members of the house and the government's money for their boats."

AIR FULL OF IT.

Mr. Lilley said he could only name two newspaper men of the time who had worked for the Electric Boat company, and he gave the names of two who he said had admitted having worked for the company. Mr. Lilley insisted that if the committee would call the witnesses whose names he had given, it would ascertain that there were a great many such persons, and that a great deal of money had been spent that way. "The air is full of it," he said.

During his examination, Mr. Lilley mentioned the fact that he had consulted with former Senator Thurston of this city, who is the attorney here for the Lake Submarine Boat company, but insisted that that gentleman formulated his (Lilley's) charges.

HOBSON ADDS A LITTLE.

Congressman Hobson testified to Lawrence Speer of New York telling him last November that the Electric Boat company could be able to help Hobson to get a place on the naval committee if he "stood right on submarines," that it had influence with Speaker Cannon. Mr. Hobson said: "I told Mr. Speer that I did not want the influence that he offered me, and I made no promise to support any naval proposition he might have to offer."

Mr. Hobson said that he had seen Mr. Speer since this conversation occurred, and in reply to a question propounded by Mr. Littleton, said that he and Mr. Speer had been classmates at Annapolis, and that they had belonged to the same corps in the navy. Their relations had been cordial.

SLEUTHS ON THE TRAIL.

Mr. Lilley was recalled. He was questioned by Mr. Olmstead regarding the statement he made to the committee that he was being shadowed by detectives, and was asked if they were hampering him in his work before the committee.

"I have had a very large number of men shadowing me since the resolution was introduced," said Mr. Lilley. "One man has been standing near my door daily in this office building, and two more usually at the entrance to the house of representatives. I have frequently been run into three here. At the hotel there have never been less than three, so the house detective tells me. The detective at the house of representatives says there have been at least six in there. I did not protest against this proceeding until they began to shadow me by means of my family, and Mr. Sylvester, the chief of police here, told me he would have them arrested if I so desired."

The committee adjourned until 10 o'clock Monday morning.

COMMITTEE BALKS AGAIN.

"I ask your honorable committee whether or not you will allow me what I have just stated, the committee still adheres to its determination to prohibit me from calling the witnesses and presenting their testimony under the examination of my attorneys."

This request being denied by the committee, through Chairman Boutwell, Mr. Lilley said: "I now feel that I am relieved from any responsibility of this investigation and as an individual I submit myself to the direction and orders of the committee. I still protest that it would be detrimental to a thorough and complete investigation to have my testimony taken at this time, for by so doing you would advise the charges charged with improper actions in influencing congressional action in such a manner as would enable them to prepare for a possible defeat of the purposes of the investigation. I now waive service of summons, and if you now order me to do so I will take the stand as a witness."

OPPOSITION EVIDENT.

When Mr. Lilley came to the first stopping point, at which he indicated a desire to know the wishes of the committee in the matter of summoning witnesses, he stopped for a response and was told by Chairman Boutwell that under its instructions the business of the committee must necessarily be confined to the conducting of an investigation. The members of the committee, he said, were not there as prosecutors, nor would they permit Mr. Lilley to assume the role of a prosecutor. Witnesses would be called as the necessity of their presence was developed by the progress of the inquiry.

After reading another paragraph, in which he expressed his willingness to submit to the will of the committee, Mr. Lilley suspended his statement long enough to be sworn and then proceeded under oath. Before he went on, however, the chairman announced that Mr. Olmstead, one of the members of the committee, would ask whatever questions might be necessary in the investigation.

LILLEY SWEARS TO IT.

Mr. Lilley's statement under oath was as follows: "I protest to show that for several years prior to the Leslie investigation the Holland Boat company and its successor, the Electric Boat company, maintained in Washington an organized lobby for the purpose of influencing legislative appropriation in favor of the submarine boats built by that company, and that they spent large sums of money in furnishing entertainment to members of Congress, his expenditures along this line amounting to thousands of dollars."

"That the senate amendment to the appropriation bill of March 2, 1907, was prepared and drafted by the attorney for the Electric Boat company for the purpose of and with the intention to eliminate competition in submarine construction and to prevent the secre-

tary of the navy from exercising any discretion in awarding contracts for submarines.

HELPED THE BARREL.

"That a thorough investigation by an impartial committee will show that large sums of money have been spent by the Electric Boat company, its officers or agents, contributed to campaign funds of members of Congress who favor and have favored the Electric Boat company monopoly of submarine construction; also that large sums of money have been spent to accomplish the defeat of members of the naval committee who did not favor the Electric Boat company."

"That an examination of the books and records of the Electric Boat company and of its predecessor, the Holland Boat company, will show that large sums of money have been paid from their treasuries for the above purpose."

"That continuous and repeated efforts have been made by representatives of the Electric Boat company and its predecessor to influence the action of the officials of the navy department and that such efforts in the past were so persistent and notorious as to call forth the condemnation and criticism of high officials of the navy department whose testimony can be secured by the investigation committee."

NO COMPETITION.

"That from 1893 up to the present time the efforts of the Electric Boat company and Holland company have resulted in absolutely suppressing any possibility of competition in submarine construction and securing and awarding of all contracts, either by specific appropriation or by legislative appropriation, skillfully drawn, to this company without possibility of competition."

"That it can be shown by former investigations before the naval committee of the house, upon which no report was made to the house of representatives, that the Holland Boat company and the Electric Boat company have been engaged in the reprehensible efforts to influence members of Congress and officials of the navy department in favor of their boats and appropriations therefor."

SUBSIDIZED PRESS.

"That it can be shown upon investigation that certain representatives of leading newspapers have been subsidized and paid by the Electric Boat company for favorable newspaper articles and reports in behalf of said companies."

"If these things are not actually without the pale of the law, they are wrongful practices and tend to throw discredit upon the Congress of the United States."

"I cannot be expected to have a personal knowledge of all these transactions, which, if they exist, must necessarily remain largely in the secret possession of the officers and agents of the Electric Boat company and of those with whom they have conferred in the prosecution of their attempts to influence congressional action."

Mr. Lilley repeated to the committee as confirmatory of his suspicions against the Electric Boat company the incident related by him to the committee on rules wherein an intimate friend of his, a large manufacturer in his home town, told him that he (the manufacturer) had promised to give him (Lilley) would vote for the submarines; and that a lawyer of his own city came to Washington and stayed with him and endeavored to influence him in favor of the Electric Boat company.

"INFLUENCE" METHODS.

Mr. Lilley also told of other efforts to influence him through promises made to his constituents, and of efforts to influence other congressmen in an indirect way.

"I have submitted," said Mr. Lilley, "as one of the facts influencing me to introduce my resolution of investigation, that in my judgment under special and exclusive legislation the Electric Boat company and its predecessor already have received from the United States an excessive profit of more than \$1,000,000 for the construction of its submarines and that under the proposed legislation now pending it will receive a profit of more than \$1,000,000 in excess of what ought justly and fairly to be paid for construction of submarines provided for; and that this fact can be substantiated by your committee by calling as witnesses the expert officials and constructors in the navy department."

BOATS ARE INFERIOR.

Mr. Lilley said that investigation would also show that the submarines already constructed by the Electric Boat company for the United States government or now under contract, as well as those provided for in pending legislation, are inferior in type, speed, power, armament and efficiency to those now in the possession of and under contract for construction for foreign governments.

Mr. Lilley reaffirmed the statement that in his resolution of investigation he had cast or intended to cast "no reflection upon the official conduct of any member of the naval committee or of the house of representatives."

"I realize," he said, "that there is a wide distinction between the fact of actual corruption of a member of Congress and the effect upon his legislative action induced by such influences as can be brought to bear by parties desiring favorable legislation; my desire has been and is only to bring to the public attention of the Congress and the country the improper methods that have been employed by the Electric Boat company and which tend to discredit the integrity of the house of representatives and the committee."

"Having made this statement to your committee, and bowing to your decision that you are to conduct this investigation, I further request that you either name or my attorney, I am prepared to answer so far as I can, any question you may desire to ask."

MR. LILLEY'S STATEMENT.

In Well Drawn Document of Some Size He Tells of Methods Used.

Washington, March 12.—The special committee appointed by Speaker Cannon to investigate the charges made by Representative Lilley that undue efforts have been made by the Electric Boat company to influence legislation, resumed its sittings today with all the five members of the committee present and the spacious room in which the committee lies situated well filled with newspaper men and other interested spectators. At the opening of the session Mr. Lilley addressed the committee, saying by his desired to correct the impression that had been created by the report of the committee on rules to the effect that he had charged that members of Congress had been bribed. He denied that he had made such charges, but said that up to the present time his accusations have been solely against the Electric Boat company and its predecessor, the Holland company, and had covered the point that these companies had made an effort to influence legislation by Congress.

MEMBERS ATTENTIVE.

Mr. Lilley then read a carefully prepared statement, receiving the closest attention of all the members of the committee. He called the attention of the committee to the fact that his charges do not embrace the accusation or inference that any member of Congress has actually been bribed or known to be bribed, but that he has been influenced by wrongful efforts on the part of the Electric Boat company to secure legislation. His purpose, he said, had not been to accuse any individual, but to call attention to the carrying out of an investigation which, he believed, if properly conducted, would show that wrongful methods had been used by the Electric Boat company to secure legislation in Congress.

Mr. Lilley said he was now prepared to furnish the committee with the addresses of all witnesses whom he desired to set on foot and assist the carrying out of an investigation which, he believed, if properly conducted, would show that wrongful methods had been used by the Electric Boat company to secure legislation in Congress.

ASKS FOR WITNESSES.

"I now insist," said Mr. Lilley, "that you summon as witnesses Isaac Rice, president of the Electric Boat company; Elihu H. Frost, vice president; Maurice Barnett, treasurer; August Treadwell, assistant treasurer, and that they be required to lay before the committee documentary evidence in their possession. The calling of these witnesses is necessary to disclose methods used by the company to secure legislation, and money disbursed by it."

"I never knew," continued Mr. Lilley, "of an important and successful investigation begun by informing the parties to be investigated of the precise character of the evidence that would be produced to show their corrupt practices, and, having informed this committee on my responsibility as a member of Congress of the evidence, exhibits, etc., and from whom and which can be obtained the necessary information to show that the charges now being investigated are true, it is for this committee and not for me to determine whether or not these witnesses shall be brought before the committee."

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mines and examined. A conspiracy to corrupt public morals or unjustly influence legislation and official action, cannot be proved by the testimony of one witness. These practices are not conducted in open day or in public view. Their methods are secret and the aim always is to carry on such an effort that no proof will be left from which their real character can be disclosed.

COMMITTEE BLOCKS HIM.

"Not being an attorney and not in any way experienced in developing and presenting testimony, I am not qualified to conduct the examination of witnesses, and therefore I requested that I be placed in a position to develop the facts. This request has been by the committee refused."

"The witnesses I have named to the committee are nearly all officers, attorneys, agents and representatives of the Electric Boat company, or have been such and they are the persons—if any—who have been engaged in the improper efforts to influence congressional action, if any such improper efforts have been made. They are what the courts always recognize as reluctant and adverse witnesses, and the facts resting in their knowledge alone cannot be fully brought to light except by careful and thorough examination of each witness by an attorney qualified to conduct such an examination."

URGES HIS POINT.

"The committee on rules in its resolution, under which this committee is acting has said to the country that you are to investigate the charges made by me. However incorrect this statement may be, it is nevertheless the official statement of the resolution under which this committee is appointed. I had supposed that it was the function of this committee to sit here as judges and not to act as prosecutors or defenders, and

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therefore that the orderly and effective procedure would be to have witnesses examined in the first instance by some other than a member of this official tribunal.

"The suggestion of your committee that the line of procedure indicated by you is in accordance with the well-established precedents of both houses of Congress, is not in accordance with my conception of the precedents."

"So far as I am individually concerned, I am ready to obey any order by this committee requiring me to be a witness before it, but in doing so, I state upon my responsibility as a member of the house of representatives that in order to fully bring out the necessary evidence and substantiate the charges the order of the examination of witnesses should be otherwise arranged and such testimony as I may be able to give should be presented in the natural order and sequence of the investigation, such as would be presented by counsel learned in the law."

TORPEDO BOAT SINKS.

Cuxhaven, Germany, March 12.—The German torpedo boat "S-12" was run into and sunk by an unknown steamer at the mouth of the river Elbe today. The chief engineer of the torpedo boat was drowned but the remainder of the crew were rescued.

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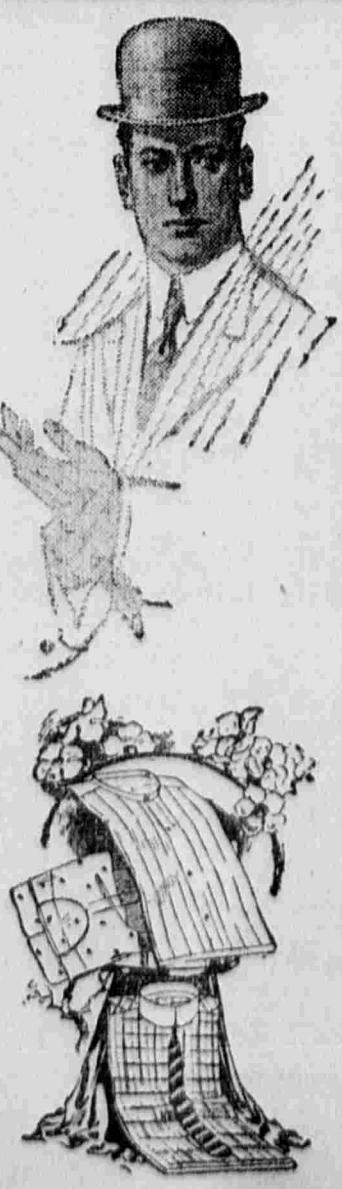
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