

# Russell Sage At 88

## HIS OFFICE AND ITS IRON BOXES OF BONDS AND STOCKS.



RUSSELL SAGE.

From a Late Photograph Secured for the Saturday Evening News

(Special Correspondence of the Deseret News by Frank G. Carpenter.)

NEW YORK, Jan. 6—I have heard many new things concerning Russell Sage during my stay in New York, and the report is that he will not be in active business much longer. He seldom comes to his office more than once a week, and he sometimes keeps away for months. His enormous money-lending matters are now in the hands of his clerks, and many of the transactions are consummated without reference to him. I called at his office this morning and was told it would be almost impossible to see the old gentleman at his residence, and that when he came down town he devoted himself solely to business. The truth is, Russell Sage is now 88 years of age, and time is beginning to tell upon his cast-iron constitution.

### GREAT BOXES OF BONDS.

The office of Russell Sage is an interesting place. Many a country lawyer has a bigger one. It consists of several small rooms, facing upon the wall, and walled off from it by doors and grates, like those through which letters are delivered at a post-office. As I presented my card at one of these windows today, a rosy-faced man with a silver mustache took it and told me that Mr. Sage was not well enough to see me. A moment later a banker came in with a great bunch of bonds, and the silver-mustached man, in return for them, signed a check representing a snug fortune in gold. As the banker left, I saw the silver-mustached clerk take the bonds from the chest as big as one of the old-fashioned wood boxes that stand beside a country stove and dump the bonds into it. There were other bonds and stocks there already, and in fact the box was filled with them.

There are two such boxes under that window in Russell Sage's office, and no one but the clerks know what they contain. The different times I have called I have seen great bundles of Pennsylvania railroad bonds, Chicago, Milwaukee and St. Paul bonds, Rock Island railroad bonds, and scores of other securities brought out and piled upon. At one time, I remember, a man came in to extend a loan. As the clerk looked over his bundle, which may have contained \$50,000, he noticed that the envelope which held them began to tear at the corner. As he noticed this the clerk said to the debtor:

"I think you had better send me around a new envelope or Mr. Sage will have to call that loan."

Think of that! Asking for a new five-cent envelope on a transaction that probably brought in interest at the rate of 45,000 a year!

### SAGE'S FOUR-CENT CHECK.

Not long ago Russell Sage cashed a check for 4 cents, and as he did so it is said that he remarked: "It was just like finding money, but like picking it up from the sidewalk." The check came in a letter. It was from a theatrical firm, calling his attention to their new play then running at the theater, and inclosing this check to pay for the time used in reading the letter. This was the note:

"Assuming that your income is \$15,000 a year, and that you appreciate the fact that time is money, we inclose check for 4 cents in payment of two minutes of your time at that rate, to be employed in carefully reading a brief and honest statement of the novel, up-to-date-winning features in our new musical farce."

Such letters were sent to many wealthy New Yorkers, but it is said that Mr. Sage was about the only one who cashed the check. The sender had, however, no idea of his actual income, or the check would have had to be enormously larger. Mr. Sage's income is probably somewhere between \$50,000 and \$100,000 a year, and, according to the same calculations, two minutes of it would be worth \$25 and \$50. I mean that Mr. Sage's income probably amounts to at least \$12 a minute, every hour of every day and every night, year in and year out. At any rate, Mr. Sage indorsed the check, and it went with others of many times its value to the deposit clerk of the bank. It may interest the money borrowers

**How He Lends Money—He Cashes a 4-cent Check—A Young Texan Borrows \$750,000 Without Security—The Habits of a Millionaire—Rich Men Who Have Enough—Advice to Young Men—Save and Work—Be Honest and Join the Church.**

of the United States to know how the greatest money lender on earth gives credit. The most of Mr. Sage's loans are on call, and as a rule an ample amount of gold bonds or gilt-edged stocks must be left as collateral. The interest rates are not over high. Millions are loaned at 4 per cent per annum. Here is the form of note often used.

Stock Note. NEW YORK, 1905.  
\$500,000.00.  
On demand for value received we promise to pay

RUSSELL SAGE or Order.

Five Hundred Thousand Dollars, at his office, with interest at 4 per cent per annum, having deposited with him collateral security for the payment of this or any other liability or liabilities of \* \* \* to said Sage, due or to become due, or that may be hereafter contracted, the following property, as per memorandum envelope dated \* \* \*. The market value of which is now \$ \* \* \*. With the right on the part of said Sage from time to time to call additional collateral security should the market value thereof decline, and upon our failure to comply with such demand, this obligation shall forthwith become due, with full power

and authority to him or his assigns in case of such default or of the non-payment of any of the liabilities above mentioned at maturity, to sell, assign and deliver the whole or any part of such securities, or any substitute therefor, or additions thereto, at any broker's board, or at public or private sale, at his option, at any time or times thereafter, without advertisement or notice to \* \* \* and with the right on his part to become purchaser thereof at such sale or sales freed and discharged of any equity and redemption. And after deducting all legal or other costs and expenses for collection, sale and delivery, to apply the residue of the proceeds of such sale or sales so made, to pay any, either or all of said liabilities as said Sage shall deem proper, returning the overplus to the undersigned, and \* \* \* will still remain liable for any amount so unpaid.

(Signed) \_\_\_\_\_

HOW A YOUNG TEXAN MADE A FORTUNE.

The most of Russell Sage's loans are to bankers and brokers. He has been ready, however, to lend to any one upon security, and if the business his-

tory of New York could be written I venture many a story would be told as to how fallen houses have been propped up by Sage's money. One of the queer deals was that by which young White, a Texan, made \$100,000 out of a loan he got from Sage. It was during the latter part of Cleveland's second administration. The government was hard up for money, and a large block of bonds had been sold at high prices through Pierpont Morgan. A second block was ready for sale, but this was offered to the public and subscriptions might be made by any one.

Among the subscribers was a young Texan named Abraham White. He had figured out that the bonds would increase in value just as soon as they were issued, and he made bids for several million dollars' worth of them. His bids ranged from 108 up to 112, and the bids for \$1,500,000 worth were higher than the bids made by Pierpont Morgan and his syndicate. As a result that much of the bonds were awarded to him.

At the time White made the bid he had not a dollar in his pocket, and his sole capital was about 44 cents, which he used in postage stamps, and in advertising a little small circular. As soon as the award was made he called upon several bankers and tried to get a loan to enable him to pay for the bonds, but they all refused. He then went to Russell Sage and frankly told him just how he was situated. Mr. Sage said: "Mr. White, you are asking for a good deal of money, but I will let you have it at 4 per cent per annum. He had White make out the proper papers and loaned him the money, whereupon White forwarded the cash to the treasury and got the bonds. He sold them and returned the money to Sage. Out of the deal White is said to have made a clean \$100,000.

It is said that Russell Sage never borrows money himself. He is so situated that he can produce several million dollars within an hour, and he has always money for big things. The only time that he has been in debt was in 1884, when he became ill and had nervous prostration. He then got the crazy idea that he could raise no money. A million dollars was then borrowed for him, but as he got better and was ready to attend to business again he found that his balance at the bank was several million dollars. He soon found the debt and paid it with ready money. Mr. Sage has never been afraid to invest big sums nor to spend freely to make more. His economies have been in a small way. He has objected to paying fifty cents for an article worth twenty-five cents, but not to paying a hundred thousand dollars for what he thought might soon be worth one hundred and ten thousand dollars.

### DOES HE WORSHIP MONEY?

Is Russell Sage's money his god? I doubt it. He has devoted his life to money-making, because it is his business and because he has enjoyed the game. I asked him once why he kept on working, would raise that he was one of the richest men of the world and that he had more money than he could ever spend. He replied:

"I don't know why. I don't know that I could if I would and I fear I would not live long if I did so. I like work better than play. My happiness is in my work, and I suppose I shall continue to work as long as I live." At another time he said that he had enjoyed himself quite as much while he was a member of Congress as when in Wall street, and that wealth was over-estimated as giving happiness. Said he:

"Wealth is always traveling under false pretenses. It does not confer the advantages that the poor imagine. We soon are making none because we want to have the credit of being smart enough to make it. There is nothing in money itself worth struggling for

after one has enough for his needs." "We should said about that same time."

The notion of getting comfort from great wealth is nonsense. A decently economical man cannot spend more than the income from a million dollars. Rich men try to get more, not for the sake of the money, but because they want to excel. They are like boys who climb trees, trying to see which can climb the highest without falling. They say no man ever had enough. It is not true. I have enough, and I know a dozen other men who feel the same."

### ADVICE TO YOUNG MEN.

Russell Sage has always been ready to advise young men, and his advice is always good. Like Hetty Green, he believes in Providence, and he thinks that Providence has favored him in giving him a fortune. He believes also that Providence helps those who help themselves, and that he is always looking out for the young man who thinks, plans, works and economizes. Mr. Sage has no sympathy with the idea that a rich man is necessarily a dishonest man, and says that the great financiers of the world have become so by honest work and hard work. He told me once that his first thousand dollars was made by small savings, and that he thought it better for a boy to be born poor than rich. He believes that penny savings banks should be connected with the schools and that thrift should form a part of every boy's education. He preaches the value of money and advises every young man to live within his income, to spend less than he makes, and invest what he saves. He thinks one should save 25 cents out of every dollar, and more if possible.

Another bit of his advice to young men is to join the church and take part in the Christian movement. He believes in charity, and says every young man should give as much as he consistently can. I doubt not that Mr. Sage gives

a great deal himself and through his wife. Her charities, at least, are known everywhere.

I have already spoken of Mr. Sage's habits. It was after he was four-score that he told me that his good health had been due to his careful eating, drinking and sleeping. He does not believe in club life. When he first came to New York he joined the Union League club, but he never attended more than three dinners there; and when his membership ran out he did not renew it.

He has all his life had a splendid physique. He attributes this largely to his work while a boy, and to the fact that he has led to some extent an out-of-door life, having been fond of fast horses and driving. He has owned fast horses himself. Indeed, an autograph letter of his in which he speaks of one of his horse deals was sold at an auction sale not long ago in New York for 40 cents. A copy of this letter lies before me. It reads:

Office of Russell Sage, No. 71 Broadway, New York, Oct. 15, 1884.

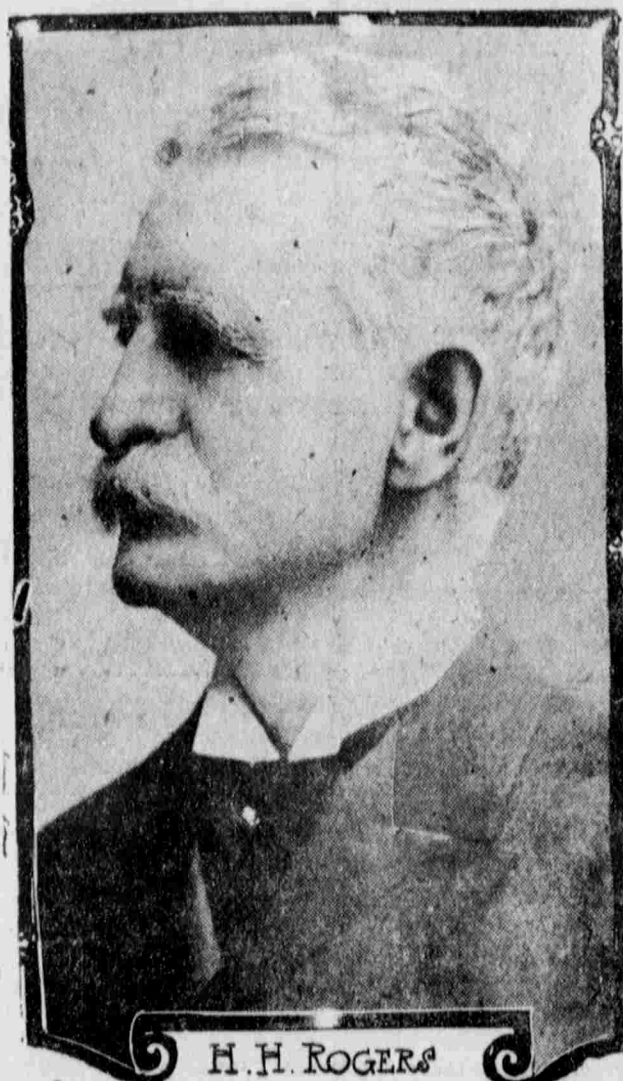
D. N. Stanton, Esq.: Dear Sir—I have found and purchased a very fine young horse, six years old to match "Louis" and believe I have a very good and promising horse. They were driven together a half-mile in 1:11 at Fleetwood.

Puzzler is in good condition and is a fast horse, and but for my purchase I should have arranged with you for him. As it is, I have to thank you most sincerely for sending him to me as you did, and I shall hope to reciprocate your kindness whenever opportunity offers. You can send for him at your convenience. Yours truly,

RUSSELL SAGE.

Indeed, Mr. Sage, in many ways reminds one of David Hiram, and between the lines of his money-making life run the texts for numerous sermons. FRANK G. CARPENTER.

### HEAD OF THE SYSTEM.



H. H. ROGERS.

It is against Henry H. Rogers that Lawson has aimed his most scathing criticisms. It is said that these exposures have not almost as great a surprise to John D. Rockefeller, head of the Standard Oil, that a break with Rogers may occur.

## UTAH INTEREST IN THE STORY OF OREGON'S BIG LAND FRAUDS.

FOR some weeks many citizens of Utah have read with interest the story of the gigantic land frauds in Oregon. There are several reasons for this. One is the prominence of the parties concerned, chief among whom are United States Senator John H. Mitchell and Congressman Binger Hermann, recently commissioner of the general land office at Washington.

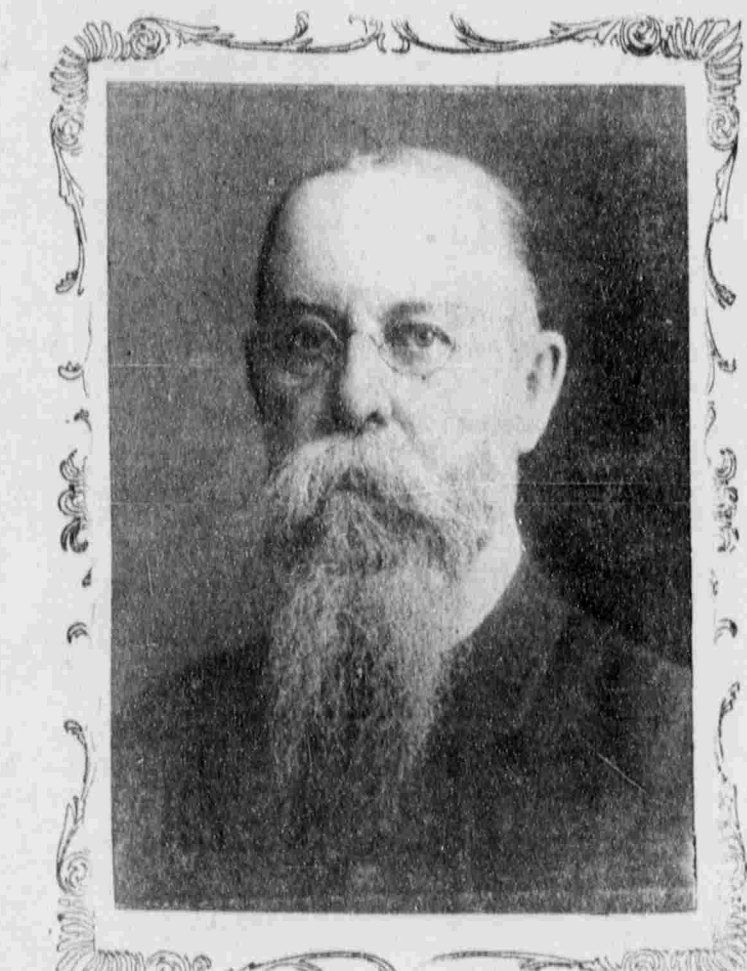
These gentlemen, by reason of their official positions, are well known throughout the country, and number among their friends some of the most prominent residents of Salt Lake, all of whom are more or less shocked by the disclosures now being made by the investigation. That these men should be implicated in the matter has occasioned keen regret among those who know them, and while they are not inclined to discuss the situation, they express themselves as satisfied that they are victims of circumstances rather than men with any criminal intent. While our own state is free from all breath of suspicion in this direction, the fact remains that the scandal in Oregon, and the one more recently reported from Idaho, will do much in the way of causing public officials to guard against the schemes of shrewd manipulators, whose bait is ever ready to catch the unwary, as in the case now under consideration. That there are others implicated whose names, however, have not been brought to light, is quite certain, and the probabilities are that as the investigation proceeds, it may reveal a much worse state of affairs than now appears.

### STORY OF THE SWINDLE.

As stated in the dispatches several days ago, Senator Mitchell and Congressman Hermann have been jointly indicted by the federal grand jury. The indictment alleges that in January, 1902, they did unlawfully and feloniously conspire together and with each other, and with S. A. D. Pater, Horace G. McKinley, N. W. Tarpley, Emma L. Watson, Salmon B. Ormsby, Clark E. Loomis and William H. Davis and others to defraud the government of the United States out of a portion of its public lands situated in township 11 south, range 7 east, by means of forged and false affidavits and fictitious persons, and that in furtherance of such conspiracy, S. A. D. Pater did on March 9, 1902, pay to John H. Mitchell the sum of \$3,000 to secure his influence with Binger Hermann, then commissioner of the general land office at Washington.

### CHARGES AGAINST HERMANN.

It further alleges that, acting upon the suggestion and the wish of Sena-



SENATOR J. H. MITCHELL.  
Who Was Caught in the Wholesale D. rag Net of Swindling

tor Mitchell, and influenced by him, knowing that the transactions were unlawful and felonious, Binger Hermann used his power as commissioner of the general land office to expedite twelve claims in township 11-7 and had them passed to patent when he knew them to be illegal and not according to the requirements of the law. The indictment also alleges that on March 28, 1904, George Sorenson offered to John Hall, district attorney for the United States in Oregon, the sum of \$2,500 with intent to influence the said John H. Hall in his official capacity when acting upon indictments returned against S. A. D. Pater, Horace G. McKinley et al to defraud the government out of land in town-

ship 11 south, range 7 east. The alleged connection of Senator Mitchell and Representative Hermann with the alleged conspiracy dates back. It is said, to the time when Mitchell received the letter from a prominent attorney in Oregon, introducing S. A. D. Pater as "a responsible business man of Oregon."

### PLANS OF THE GOVERNMENT.

The government will, it is said, attempt to prove that Pater, Mitchell and Hermann were well acquainted, and that Pater was an ardent supporter of Mitchell in the senatorial campaign of 1898 and that all of them have been personally acquainted for years. In 1902, the government alleges, Pater

went to Washington on business connected with the lands of 11-7 in which he was at that time interested. The lands were held up in the general land office and Pater thought that it would be of benefit to himself and his fellows to go to Washington and see what could be done to expedite them to patent.

Before he left Portland, the government will attempt to prove, Pater went to P. P. Mays and secured from him a letter to Senator Mitchell, though, in fact, according to the government, he was already well known to the senator. Arriving at Washington the land speculator went, so evidence will be offered to prove, to the office of Senator Mitchell and conversed with him about having his claims taken from the suspended list and put through to patent as soon as possible.

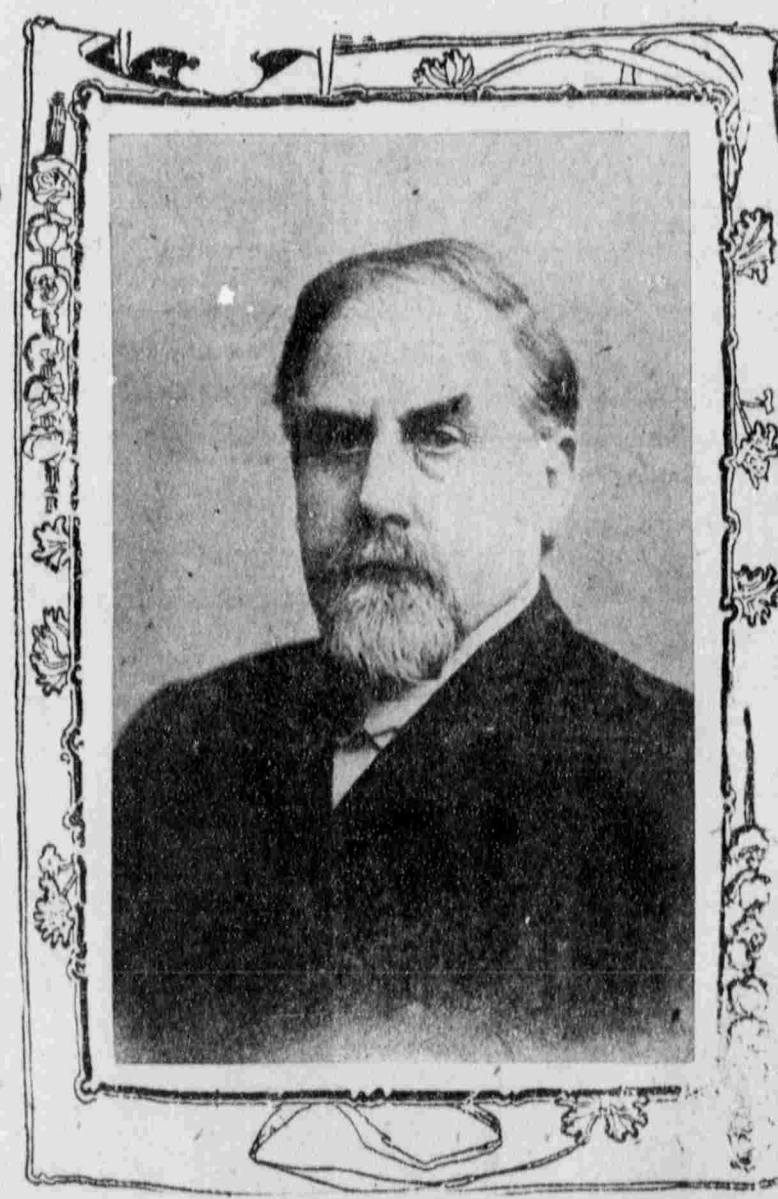
### PUTER SEEKS AID.

He told the senator, it is alleged, that he had already sunk a large amount of money in the claims and that Emma L. Watson, a hard-working and honest girl, had also invested in them. His suggestion, it was necessary for him to have some influence with the commissioner of the general land office to secure favorable recognition of his claims, and he therefore would like to have the help of Senator Mitchell.

The government will attempt to prove that he promised to make it right with the senator in the event that he could secure the good will and assistance of Hermann. The government contends that Pater then went to see Binger Hermann, then commissioner of the general land office, and talked the matter over with him. Hermann, it is alleged, did not see that anything could be done to the lands, unless some action was taken which would make the transaction of record in the office. Pater then got into a rack, it is alleged, and went to the hotel of Senator Mitchell, the Dewey Hotel, and told him of the alleged conversation with Commissioner Hermann.

### AFFIDAVITS MANUFACTURED.

The famous Pater-Watson affidavits, according to the government, were then made in the hotel of the senator, and it alleged that Senator Mitchell deflated the alleged matter to his own stenographer and had them delivered to Pater as soon as finished. The affidavits, which it is asserted, told of the settlement on the land and of his cultivation and the characters of the persons making the claims, were then, so the government contends, sent to prove, taken to Hermann, who it is alleged, took them under consideration. On March 6, 1902, the government alleges, Hermann wrote a letter to



CONGRESSMAN BINGER HERMANN.  
Who Was Among Those Indicted for F. raid

Senator Mitchell, stating that he had expedited the claims, and that the request. This is the letter which was introduced in the first trial, and over the identification of which both Mitchell and Hermann were in doubt. It was also the letter which Commissioner W. A. Richards made his trip to Portland from Washington to identify.

This letter stated that Hermann had expedited the claims, and that the clerk of the proper division would take the claims under consideration and make an examination of them. This, it is alleged, was done, and on the following day the clerk recommended that they be returned to the local land office at Oregon City for

further proof and investigation. The clerk recommended, it is stated, that the entries seemed to be fraudulent and not according to law. There were the Davis lands, in which it is alleged W. H. Davis of Albany and others were interested.

### INFLUENCE MONEY USED.

Loomis, then forest superintendent, under \$100 to the government, in the meantime reported against the claims or part of them, only after this report, it is alleged, D. W. Tarpley went to Davis. Got him to raise \$100 each from 14 men in order to secure a favorable report from Government Agent Ormsby, who it is alleged, had been asked to make a report. Davis, it is charged, raised the \$1,400 of the alleged amount, which was to be divided between Tarpley and Loomis. The government will try to show that when Loomis received this money he wrote a letter to Hermann asking that something be done to secure favorable consideration.

George R. Ogden, the clerk handling the business, taking all into consideration, it will be alleged, prepared a report and sent it to Hermann especially calling attention to the alleged Loomis and Davis letters, asking that the lands be considered, but admitting, so it is stated, that the lands had not been observed. This report was dated March 7, but on March 6 Hermann had ordered the claims expedited, and he asserted. When he saw the report made by Ogden, however, it is said, he hesitated and when Pater came to see him, it is alleged he told Pater that he thought the matter looked pretty bad and that he was afraid the claims would have to go back to the Oregon office for further investigation.

### STRONG PLAY AT MITCHELL.

Pater, by this time had expended, it is alleged, about \$2,000 on the deal, and when he was told that the claims were not expedited, he was in a bad way. It is alleged that his influence was necessary to influence Hermann to put the lands through without sending them back to Oregon. It is added that he had a computer that the phone was back to Hermann that he had to get the claims expedited. The government will try to show that Pater was taken by the senator. The government will offer evidence that Senator Mitchell had told him that he would do the best he could for him.