

SENATORIAL CAMPAIGN EXPENDITURES

DECEMBER 16, 1926.—Ordered to be printed

Mr. REED of Missouri, from the Special Committee Investigating Expenditures in Senatorial Primary and General Elections, submitted the following

PARTIAL REPORT

[Pursuant to S. Res. 195]

On the 17th day of May, 1926, the Senate of the United States passed the following resolution:

Resolved, That a special committee of five, consisting of three members selected from the majority political party, of whom one shall be a progressive Republican, and of two members from the minority political party, shall be forthwith appointed by the President of the Senate; and said committee is hereby authorized and instructed immediately to investigate what moneys, emoluments, rewards, or things of value, including agreements or understandings of support for appointment or election to office have been promised, contributed, made or expended, or shall hereafter be promised, contributed, expended, or made by any person, firm, corporation, or committee, organization, or association, to influence the nomination of any person as a candidate of any political party or organization for membership in the United States Senate, or to contribute to or promote the election of any person as a member of the United States Senate at the general election to be held in November, 1926. Said committee shall report the names of the persons, firms, or corporations, or committees, organizations, or associations that have made or shall hereafter make such promises, subscriptions, advancements, or payments and the amount by them severally contributed or promised as aforesaid; including the method of expenditure of said sums or the method of performance of said agreements, together with all facts in relation thereto.

Said committee is hereby empowered to sit and act at such time or times and at such place or places as it may deem necessary; to require by subpoena or otherwise the attendance of witnesses, the production of books, papers, and documents, and to do such other acts as may be necessary in the matter of said investigation.

The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Said committee shall promptly report to the Senate the facts by it ascertained.

Thereafter the following committee was appointed under the above resolution, to wit: James A. Reed, chairman; Charles L. McNary, Guy D. Goff, William H. King, Robert M. La Follette, jr.

Said committee held a number of hearings and had before it a great number of witnesses and received and considered a large amount of testimony, both oral and written.

The following is submitted as a partial report of your committee touching the senatorial primary campaign in the State of Illinois:

ILLINOIS SENATORIAL PRIMARY ELECTION

Candidates: Republican, Col. Frank L. Smith, chairman, Illinois Commerce Commission; Senator William B. McKinley. Democratic, George E. Brennan. Primary, April 13, 1926.

The vote received by the candidates for nomination is not complete, due to certain contests and other factors. At the close of your committee's hearings on August 5, 1926, the following figures had been obtained and established to that date:

Smith, 599,599; 5,617 precincts, with 436 precincts missing.

McKinley, 474,617; 4,064 precincts, with 1,989 precincts missing.

The total vote received by Brennan, who was without substantial opposition, was about 200,000.

EXPENDITURES

Nor are the contributions and expenditures on behalf of the senatorial primary candidates, so far as have been ascertained by your committee, to be accepted as final or complete. This is true for several reasons:

(1) The State of Illinois has no statute restricting the amount which may be expended by any candidate, nor any law requiring the candidates or their committees to file a statement of such expenditures. The Federal corrupt practices act has been declared unconstitutional by the Supreme Court in the Newberry case in so far as the act applies to primary elections, and there is no duty imposed on the candidates or their committees to file with the United States Senate a statement of expenditures. Consequently, no such statements or accounts were officially made public and the total amounts, as drawn from the witnesses, some of whom were reluctant or protested the jurisdiction of your committee, are provisional.

(2) In some instances money was contributed to groups or a ticket of primary candidates for State and county offices who were allied with one of the senatorial candidates. In Cook County, for instance, the Republican faction controlled by Robert E. Crowe and Charles V. Barrett et al., who had previously supported Senator McKinley, put a county ticket in the field, and in a majority of their wards headed that ticket with Frank L. Smith for United States Senator. Indeterminate but considerable sums of money were contributed in behalf of these candidates and expended to aid the entire slate. For this reason, it was considered by your committee pertinent in arriving at the amounts expended to aid senatorial candidates, to inquire into these closely allied transactions.

(3) The lack of cooperation on the part of such organization leaders was discouraged. Robert E. Crowe, of the Crowe-Barrett faction and a Smith supporter, protested the jurisdiction of the committee over these blanket expenditures and refused to state the sums

of money received or from whom received. Particularly, he refused to state whether any part of \$15,000 collected by him in behalf of one of his group candidates had been contributed by Samuel Insull, who had partially admitted previously that he had made a contribution to Mr. Crowe (p. 1850), Edward H. Wright, comember of the Illinois Commerce Commission with Frank L. Smith, whose candidacy he supported, and a negro, likewise declined to state what money his colored organization "raised individually for its own expenses" (p. 1679).

McKinley contributions and expenditures

McKinley personal contributions (approximately)-----	\$350,000
Total minor contributions (estimated)-----	5,000
National Republican Committee of Cook County (Deneen group)-----	159,143
Total -----	514,143

No itemized statement of the expenditures in behalf of Senator McKinley was produced. According to the best evidence, that of Colonel Green, approximately \$355,000 was expended, and of that amount all but an estimated \$5,000 was contributed by Senator McKinley himself.

Due to the unfortunate and subsequently fatal illness of Senator McKinley, he was unable to appear before your committee. His private secretary, Chester A. Willoughby, who stated that he had charge of the Chicago campaign headquarters, was subpoenaed but stated that he did not know anything about the financial plan of his employer's campaign. He did testify that such funds as he required were received from Henry I. Green, of Urbana, Ill., who was the general State manager for Senator McKinley's campaign, and that he "surmised" that these sums came from Senator McKinley. Colonel Green was thereupon called and testified that, except for small sums, in the aggregate not in excess of \$5,000, the entire financial burden of the primary campaign was borne by Senator McKinley personally.

Senator McKinley's campaign seems to have been loosely and informally handled, as the following passages from the testimony will indicate:

The CHAIRMAN. What are your relations to Senator McKinley?

Mr. WILLOUGHBY. Private secretary.

The CHAIRMAN. How long have you held this position?

Mr. WILLOUGHBY. I have been with the Senator about 20 years * * * and acting as his secretary the last eight years.

* * * * *

The CHAIRMAN. Tell us all about the organization that Senator McKinley set up here.

Mr. WILLOUGHBY. I do not know anything other than the Chicago organization. * * * It was just a sort of a headquarters to meet people from down State as they came in and for the distribution of letters. We got out our own letters up here by multigraphing.

The CHAIRMAN. There was another organization, was there?

Mr. WILLOUGHBY. Yes.

The CHAIRMAN. Where was it located?

Mr. WILLOUGHBY. But not in Chicago. That was down State at Champaign.

The CHAIRMAN. Champaign, Ill.?

Mr. WILLOUGHBY. Yes, sir.

The CHAIRMAN. Who was at the head of that?

Mr. WILLOUGHBY. Mr. Green.

The CHAIRMAN. Which Green?

Mr. WILLOUGHBY. H. I. Green.

The CHAIRMAN. What is his business?

Mr. WILLOUGHBY. He is an attorney; the personal attorney for Senator McKinley.

* * * * *

The CHAIRMAN. When you had communications with the State headquarters in regard to finances, with whom did you communicate?

Mr. WILLOUGHBY. Mr. Green always.

The CHAIRMAN. Was Mr. Green the man who handled the money—

Mr. WILLOUGHBY. Yes, sir.

The CHAIRMAN. For the State outside of Cook County?

Mr. WILLOUGHBY. As far as I know he handled it altogether.

The CHAIRMAN. Altogether?

Mr. WILLOUGHBY. Yes, sir.

The CHAIRMAN. How did you get money to use in your organization here when you needed it?

Mr. WILLOUGHBY. He would give it to us from time to time as we needed it.

Mr. Willoughby testified that the campaign in Chicago and Cook County was handled by Louis Behan, Roy O. West, secretary of the Republican National Committee, and Senator Deneen. Behan received, according to his testimony, "somewhere between \$17,000 and \$19,000" of the McKinley fund to be used in the wards controlled by the Crowe-Barrett organization of which he was a part, being city committeeman from the fifth ward.

As has been stated, Colonel Green submitted no itemized list or account of contributions or expenditures but stated that he had sufficient data "to show the total amount of money and, in a general way, its distribution." His connection with the campaign and the loose method of its financial conduct are illustrated by the following condensation:

The CHAIRMAN. * * * What was your connection with the last primary in Illinois?

Mr. GREEN. I have been Senator McKinley's personal attorney for about 15 years, and I could not define my position; but Senator McKinley came to my house one day last fall or summer, and we had quite an extended conversation about the probability of his candidacy. In that conversation he said that he would like to have some place—somebody in whom he had confidence—in which things could sort of head up, who in a general way would represent him when he was not here. We talked that over a good deal, and I finally said, "Senator, of course if I could do anything for you, you know I would." He said, "It would be fine if you would"; and so, from that time on, from time to time things did fall to me to do. He said that in the matter of payment of expenses I was pretty familiar with his business, and that he would rather like to have me look after or supervise that part of his campaign, and I said I would.

We discussed something at that time about what we thought it would cost. We thought it would cost about \$60,000; and I shortly thereafter received from him some currency, I think, the first time, and in a little while I had exhausted the \$60,000.

I told him that as the campaign was developing it would take a good deal more than that.

I had in my custody—not in my physical possession, but under my control—various securities that belonged to him. I can not remember the details of it, but in substance he told me to use my judgment in using from those sources as occasion required.

* * * * *

The CHAIRMAN. What were these securities?

Mr. GREEN. * * * Liberty bonds, and * * * stocks and securities of that character, some of them * * * were not exactly in my custody but which he placed at my disposal later on.

The CHAIRMAN. Can you tell us a little more specifically what those securities were?

* * * there was quite a quantity of what we call State bonds issued in connection with the hard-road program—I believe the technical designation is the State issue bonds—and some stock in the Pure Oil Co. I had a large amount of 7 per cent preferred stock of the Electric Power & Light Corporation. * * * A large part of it was Government bonds, Senator.

The CHAIRMAN. What was the aggregate of these securities?

* * * * *
 Mr. GREEN. He gave me currency or securities, which I converted, to an aggregate amount, as near as I can determine, which was actually expended, of right at \$350,000. I have still many securities which are in my custody, but that is the amount, about, which I did either convert or which I received from him in currency. * * * He authorized me to use my judgment about disposing of such as I wanted. I received in 1923, in my custody, for him and for people that he represented, probably a couple of million dollars of securities at the time that he sold out his interest in the public utility business.

As has been set out in the tabulation of McKinley contributions and expenditures, the Republican Party of Cook County expended in their campaign the sum of \$159,143. This was spent in behalf of the whole ticket or slate supported by the Deneen faction. According to the testimony of Mr. Roy O. West, chairman of the organization and secretary of the Republican National Committee, \$30,000 of this amount was contributed by Senator McKinley. The net expenditure of the Deneen organization, to be added to the McKinley expenditures, is accordingly \$129,143. The relationship of this faction to the senatorial primary campaign will be dealt with under the general heading in this partial report of "Republican factions in Cook County."

Smith contributions and expenditures

Smith expenditures (including unpaid bills)-----	\$253, 547
Samuel Insull (anti-World Court propaganda)-----	33, 735
Crowe-Barrett expenditures, Cook County (estimated)-----	171, 500
Provisional total-----	458, 782

Again, these do not represent the possible total expenditures on behalf of Frank L. Smith's candidacy. So far as contributions are concerned, your committee was unable to obtain a list of the contributors to the Smith campaign. In fact, the only data which your committee obtained covering this important subject were unwilling admissions made by witnesses as the result of repeated questioning and in reply to specific questions. A great deal of time was consumed in this fashion.

The following contributions were elicited from the testimony of Allen F. Moore, manager of Smith's campaign, Samuel Insull, and Ira C. Copley, and David J. Schuyler:

Col. Frank L. Smith, personal contribution-----	\$5, 000
Allen F. Moore, campaign manager, personal contribution-----	73, 117
Samuel Insull-----	125, 000
Samuel Insull anti-World Court campaign-----	33, 735
Ira C. Copley-----	25, 000
Clement Studebaker, jr.-----	20, 000
Daniel J. Schuyler-----	3, 600
Total-----	285, 452

