March 17

Dear Mr. Anderson:

I am enclosing the material Poland has had collected, together with three articles transcribed by me. I went up to the Library this morning at the suggestion of Mr. Poland to see if I could discover anything "juicy", but Fox had already gotten the milk of the coconuts.

I couldn't find any stories after the 7 nor before the 1 of July, though the Sun story mentions the hearing before McAdoo "last week".

Still, I think you have here all you can read about this crook's part in the affair, without getting a stomachache.

It's a shame they let Phillips go "unwept, unhonored and unhung".

If I get a chance to go *soon* to the Library tomorrow, I'll try to cover the evening papers around this date.

Yours cordially,

[Signature]
MORTON SULTZER HELD IN THEFT OF MORGAN SECRETS.

****

William J. Otts, a detective employed by W. J. Burns, was a witness at the hearing. He said Mr. Burns instructed him to try to win the confidence of Sultzer and learn the name of the dishonest employee of the Morgan firm.

"I met Sultzer by introduction from a hotel clerk on April 12," said Otts, "and we were together every night, often till 4 or 5 o'clock in the morning. He told me he had a "grapevine" into the Morgan office -- that one of the biggest men there was his friend. He got information right along that came from the Morgan office and it proved to be absolutely correct. I learned this when we agreed to be partners in war munitions brokerage and I dug out specifications received by Morgan and Co., trying to get orders on them. Sultzer gave me these specifications and when he doubted them he actually was able to check them with other information he got in some way from the Morgan office.

"After the first exposure he said he was using a go-between sometimes by having memoranda left in the telephone booth. Sultzer would be waiting and would enter immediately and get the writing. Other times a messenger with it would meet him in the hall near the Seymour office in the Equitable Bldg. (He never would tell me who in the Morgan office was furnishing him this information, and he told me that his partners in the Seymour office, O. B. PHILLIPS, William Hills, Jr., Gascherie Dewitt, and Frederick Seymour, were continually trying to get him to tell them the name, but he never did.

"All of them had a conference when the real trouble began to brew, and they decided that they would not tell anything anywhere and if they did not, no one could. He said they had decided that they would say Phillips got it from H. G. Prindle, of the Morgan firm, through legitimate negotiations, all the information that the crowd in the Seymour office had.) They also were prepared to put some of it up to Mr. Stettinius, of the Morgan firm. One time when I asked him if he was not afraid of the investigation, he said he was not because the Morgan firm had put in charge of it the very man who was furnishing him the Morgan secrets."

****

O. B. PHILLIPS was examined again concerning a letter signed "O. B. Phillips", which reported to the Humco Fibre Co. details of Morgan war munitions requests.

Mr. Phillips declared that he had no recollection of having written the "grapevine" letter, as this was called, nor where the information it carried had come from.

(Note: In other press reports it is found that a Mr. Carvalho, handwriting expert, declares the letter bore Phillips signature.)

MORGAN LEAK LEADS TO BROKER'S ARREST.

Sulzter, an Occupant of the Seymour Office, Held for the Grand Jury.

The Charge filed by Egan.
Defendant, Whose Bail is fixed at $100, Accused of Publishing Stolen Information.

Morton B. Sulzter, a broker and occupant of the office of Seymour & Seymour at 120 Broadway was held in $100 bail for the Grand Jury by Chief Magistrate McAdoo yesterday on a charge of causing the unlawful publication of secret information concerning munitions contracts obtained through a "thief" in the office of J. P. Morgan & Co. The identity of the thief still remains a mystery.

All that the John Doe hearing has accomplished was to convince Magistrate McAdoo that Sulzter had made use of the stolen information to negotiate a munitions contract from which he and his associates were to obtain a total commission of about $25,000.

Martin Egan, publicity manager of J. P. Morgan & Co. filed the "information" on which Sulzter was held, and in response to a suggestion by Magistrate McAdoo Egan said he would also file a complaint against O. B. Phillips, another occupant of the Seymour office.

At the John Doe hearing yesterday, Phillips stubbornly denied that he was the author of the "grapevine" letter, in which the Humboldt Fibre Company of Humboldt, Tenn. was advised of an order for cotton linters received by the Morgan firm from the French Government. The signature he admitted was his and he admitted that the Humboldt Fibre Company had sent him a reply by telegraph which was produced in evidence but he declined to acknowledge that he had had anything to do with the writing of the letter.

Phillips insisted that he had only such information about the war orders and prices as he got from the manufacturers and from Mr. Prindle of the Foreign Department of J. P. Morgan & Co.

"Then do you mean to say Mr. Prindle supplied you the information you sent to the Humboldt people?" asked Francis L. Wellman attorney for the Morgan concern. "No" was the reply, "I have no recollection of ever having had any such information".

"Stand up" said the Magistrate, "I swore you before you took the stand. Hold up your right hand. You swear what you have testified to is the truth, the whole truth, and nothing but the truth?"

"I do" replied Phillips.

Sulzter was convicted several weeks ago of grand larceny in connection with check kiting operations. Justice Benton of the Supreme Court, however, postponed sentence on Sulzter's promise that he would give the district attorney any information that he might have concerning the "thief" in the Morgan office.

Frederick Seymour testified that his communications to the Humboldt Company were based entirely on information he received from Phillips, Sulzter and others.

He was followed on the stand by David A. Carvalho, handwriting expert who declared emphatically that the signature on the "grapevine" letter was penned by Phillips.
REVEAL IDENTITY OF MAN ACCUSED OF MORGAN LEAK.

The identity of the confidential employee in the banking offices of J. P. Morgan and Co., whose pilfering of war contract secrets has led to a sensational investigation, was revealed yesterday to District Attorney Swann in the examination, under oath, of O. B. PHILLIPS and his associates in the offices of Seymour and Seymour, and of their counsel, William B. Roulstone.

*******

Detectives learned that cable messages from the French and British governments to the Morgan firm calling for munitions and mentioning specifications, quantities and maximum prices had been stolen as soon as received by the bankers and that exact copies of them had found their way into the offices of Seymour & Seymour.

PHILLIPS, Morton B. Sultzer, William Hills, Jr., and Gascherie DeWitt, having desk room there, were found to have been disposing of that information to manufacturers of munitions and particularly to those contractors with which the Morgan firm was dealing. The stolen information revealed to the contractors the maximum prices the Allies would pay for the munitions and therefore was of great value.

*******

Mr. Koulstone (see paragraph 1) said that Mr. Moore (Carlos E. Moore, of the Export and Import Corp. with offices on the 29 floor of the Equitable Bldg. -- firm not described in the directories) suddenly called upon him to take charge of PHILLIPS' interests in the John Doe hearing before Chief Magistrate McAdoo, which was one of the efforts being made to learn who was selling the information from the Morgan offices. Mr. Moore agreed to pay Mr. Koulstone for defending or representing PHILLIPS. All this was in the sworn testimony before the District Attorney yesterday.

With very little information to aid him, Mr. Koulstone asked certain questions of PHILLIPS before Chief Magistrate McAdoo that resulted in disquieting replies.

"I saw at once that something was wrong", said Mr. Koulstone "I had not been fully informed of my client's true connection with the case. I called him to my office and demanded an explanation. He informed me he was under oath to Mr. Moore not to reveal the facts which I had demanded. * * * * *"
MORGAN BANK CLERK EXPOSED BY LAWYER.
Phillips, Tenant of Seymours, Also makes a statement to District Attorney.

Other Arrests Expected.
A Corporation President named as Go-Between Who Dealt with the Bank Employee.

Possessed finally of a complete confession from O. B. Phillips, tenant in the office of Seymour & Seymour at 120 Broadway, District Attorney Swann was in a position yesterday to place his hand on the employee in the firm of J. P. Morgan & Co., who created the leak through which secret information concerning munition contracts was alleged to have been peddled to brokers and manufacturers of war supplies. This person is a clerk with ready access to the Morgan cables. Although his identity has been positively established, no step will be taken to arrest him until the District Attorney has examined certain witnesses through whom the man was said to have carried on his work.

The most important witness is the Corporation President, who according to Phillips provided the secret information which he and the other desk-room tenants of the Seymour offices - Morton B. Sulzter, Gaschere De Witt, and William Hills, Jr - used in seeking big commissions on munition contracts.

From Phillips the District Attorney learned that the Corporation President concerned had obtained this information first hand from the Morgan clerk with the understanding that there would be a division of profits.

Phillips, whose story was said to have been corroborated by Sulzter, DeWitt and Hills, admitted, according to the District Attorney, that he had not testified correctly when called as a witness in the John Doe hearing conducted by Magistrate McAdoo, but he said he had testified that way merely to shield the Corporation President who had urged him to suppress his connection with the affair.

As to the Morgan clerk from whom that man was said to have obtained the secret information in question, Mr. Phillips and his associates denied that they had ever seen him or knew him further than that he was understood to be the "guardian angel" who was manipulating matters for their benefit from the inside. Phillips said his business was entirely with the Corporation President, now called the go-between, whose integrity and right to the information Phillips said he did not question.

W. B. Roullstone, who was attorney for Phillips, DeWitt, Sulzter and Hills at the John Doe hearing said, according to District Attorney Swann, that he had been asked by the Corporation President in question to defend Phillips and his associates, but, the lawyer said, he did not then know that the man was involved personally. And in his examination of Phillips, the lawyer added, he believed the testimony given was the truth and nothing but the truth.

When, however, he was told of the Corporation President's connection with the Phillip's transactions, he conferred with the man at once, he said, according to District Attorney Swann, and urged the man to clean up the whole situation not even sparing himself. This the man agreed to do, and even gave the name of the Morgan clerk who furnished the leak, Roullstone was alleged to have said. This man Roullstone also was said to have transmitted to the District Attorney
yesterday after Phillips had made his so-called confession, thus clearing away the last vestige of mystery and making it possible for the District Attorney to proceed with the case.

The Corporation President concerned could not be found at his office yesterday but the District Attorney received every assurance that he would appear for examination today. The District Attorney learned that neither the Corporation President, nor the Morgan clerk, nor any tenant of the Seymour office had made any profits by the use of the Morgan information, although big profits were often in sight.
LEAK IN MORGAN SECRETS FOUND.
Broker Who had desk in Seymour office confesses to Swann.

Through a confession by O. B. Phillips, a broker who occupied desk room in the offices of Seymour and Seymour at 120 Broadway, District Attorney Swann yesterday discovered the leak in the offices of J. P. Morgan & Co. through which information relating to munitions contracts for the Allies came into the hands of Phillips, William Hills, Jr., Morton E. Sulzter and Gascherie De Witt who also had desk room in the Seymour offices.

In Phillips' confession made under oath in the District Attorney's office, Carlos E. Moore, President of the Export and Import Company of 120 Broadway, is named as the go-between, who relayed the information from the source in the Morgan offices to the brokers, who handled it on a percentage basis. Phillips told the District Attorney, however, that neither he nor any of the other men had made a cent of profit from the stolen information. "I don't know who gave Moore the information", said Phillips, "I knew he had a guardian angel in the Morgan offices, but I have never seen him. All my dealings were with Moore".

The name of the Morgan employe was furnished to the District Attorney by William B. Roulstone, a lawyer of 61 Broadway who was present at the conference which resulted in the confession which Phillips made, as he told the District Attorney, in order that he "might ease his conscience".

Mr. Swann said after the conference that the employe has been placed under surveillance, but will not be arrested until Moore has told his story. It was said last night at the Gramatan Inn, Bronxville, where Moore lives, that he is out of the city on his vacation. He is expected to return today for a conference with the District Attorney.

Phillips told Mr. Swann that he had testified falsely at the hearing before Chief Magistrate McAdoo which resulted in a complaint being drawn against William J. Burns and Martin Egan of the Morgan firm for "publishing private papers" of the Seymours because he had promised to keep Moore's name out of the affair. Because of this promise he said Moore had sent his attorney Roulstone to represent Phillips and the other three brokers which Roulstone had done without knowledge of the case or of the fact that Moore was receiving information stolen from the Morgan office.

The District Attorney said that Roulstone went at once to Moore when he learned that Phillips had not testified truthfully and urged Moore to release Phillips from his promise and lay the entire affair before the District Attorney. Phillips' statement declares that neither Frederick Seymour nor John S. Seymour had anything to do with the financial operations based upon the stolen information, and that they knew nothing of the leak in the Morgan offices.

Mr. Swann said that if the Morgan employe was prosecuted it would be under section 553 of the Penal Code relating to the publishing of private papers. It is for alleged violation of this section that Burns and Egan were placed under $100 bail to await trial in Special Sessions.
(From the Sun, July 6, 1916.)

SOURCE OF MORGAN LEAGUE TO BE REVEALED

* * * *

Four men -- O. B. PHILLIPS, William Hills, Jr., Morton Sultzzer and Gascherie Dewitt -- went to the District Attorney's office upon the advice of their lawyer, William M. Koulstone, and told Mr. Swann through their spokesman, MR. PHILLIPS, that testimony given by them at the hearing before Chief Magistrate McAdoo last week was in some respects untrue.

Phillips said that when testifying last week he had been shielding Carlos E. Moore, President of the Export and Import Corp. of 120 Broadway.

* * * *
MORGAN EMPLOYEE CONFESSIONS 'LEAK'. Tells of giving war-order information to friends of the German Embassy.
Swann Takes Up New Lead.
Clifton, von Bernstorff's lawyer in Appam Case, admits dealing with clerk.
Carlos E. Moore Involved.
Used bank's secret cables but denies that he had any relations with Kaiser's Envoy.

With an entirely new line of evidence in hand, District Attorney Swann will begin an investigation today as to whether secret information relating to war materials for the Allies was stolen from the office of J. P. Morgan & Co. for the especial benefit of the German government.

Mr. Swann was started on this line of inquiry by the confession of S. K. Paul, a confidential clerk in the Morgan office who admitted yesterday that he was the channel through which O. E. Phillips and other occupants of the office of Seymour & Seymour obtained authentic data concerning the affairs of the Morgan bank and the Allies.

Paul not only made a clean breast of his own guilt, but he named all the persons with whom he had dealings in the matter. Among them were Carlos E. Moore, President of the Import and Export Corporation of 120 Broadway and John Clifton, a lawyer of Washington, D. C., who is a close friend of Count von Bernstorff and who represented the German government in the Appam case. Both Clifton and Moore admitted their connections with the affair, although both denied acting in any way for the German government.

According to Paul's confession he and another employee decided some time last fall that the information to which they had access in the Morgan office could be turned into a source of profit, if handled carefully. Paul's salary was $1500 and the other man's $1800 a year, and both were anxious to devise some plan of making extra money.

MEETS MOORE THROUGH CLIFTON
Paul told the District Attorney that the other clerk gave the subject much thought, and finally spoke to him of Clifton, the Washington lawyer as being a man who could assist them in commercializing the information which came to their hands in the Morgan office. A meeting was arranged and Paul was introduced to Clifton at the Hotel Vanderbilt. At this conference Clifton, according to Paul, said he had a friend, Carlos E. Moore, who was incorporating a company to negotiate munition contracts and who could make good use of any information that the Morgan clerk might reveal to him.

Paul said that he had about a dozen meetings with Clifton and actually gave him certain information relating to war business which he obtained from the Morgan cables. Then at Clifton's own suggestion he said he transferred this kind of data to Carlos E. Moore in the Equitable Building, having entered into an agreement with Clifton, Moore and the other Morgan clerk that there should be a fair division of the profits realized from the use of such information in making munition contracts.

Paul said he delivered in all more than one hundred copies of memoranda obtained in the Morgan office which Moore made use of through O. E. Phillips and other occupants of the Seymour and Seymour suite. His profits, however, amounted to nothing except that Clifton
advanced him two $50 notes as a "personal loan" early last month.

MOORE'S AND CLIFTON'S ADMISSIONS.

After Paul had made his confession, District Attorney Swann examined Moore and Clifton. Both admitted that Paul's story of the origin of the scheme was true excepting that Clifton was not a party to the agreement calling for division of profits. Clifton insisted that he knew nothing of this agreement and that he merely turned Paul over to Moore because Moore was his friend and president of a corporation in which he (Clifton) was also a director. He assumed from the very beginning, Clifton told the District Attorney, that Paul had a legitimate right to use the information which he obtained from the Morgan office.

As to the "loan" which he made to Paul, Clifton denied that it was intended to serve as "hush money". He admitted that he sent the two $50 notes to Paul in an unsigned letter, but he said he did so simply because he did not want it to appear in any way that he had any connection with the Morgan clerk. Paul, he said, had importuned him on many occasions for loans and he finally sent him $100 because Paul had written that he was in need of money and wanted to take his wife to the country.

Paul, however, denied that he mentioned his wife in his request for a loan because his wife was dead. Paul told the District Attorney that he delibarately worded the request to make it appear as an appeal for a loan. Another point upon which Paul and Clifton could not agree was the number of times they met after they were first introduced in the Hotel Vanderbilt. Clifton said he saw Paul only twice before referring him to Moore but Paul insisted that they saw each other at least six times.

Moore in answer to the District Attorney's questions corroborated Clifton's statement that Clifton was not a party to the agreement relating to the division of profits, but he practically admitted the rest of Paul's story. He, too, however, said he thought the information which the clerk gave him was of a kind which any Morgan employee might use in any way he pleased. He had no idea, he said, that it was "stolen" or that it was being released without the knowledge or permission of the Morgan bank officials.

Moore admitted to District Attorney Swann that he was a brother-in-law of Archibald White, an intimate friend of Count von Bernstorff. He added, furthermore, that he visited White on five or six occasions during the time that he was receiving information concerning war orders from the Morgan office through Paul. He denied, however, that he transferred any of this information to White excepting as to a large purchase of steel which the Morgan concern was authorized to make for the Allies some months ago.

The suggestion that any of this information may have reached the German government through them brought an indignant protest. He denied that he had anything to do with the German government. The corporation of which he was president, he said, was formed for the benefit of manufacturers who were dealing in war supplies for Russia and no other nation.
His connection with the occupants of the Seymour office, he said, began last January and had no other significance further than that C. E. Phillips was in constant touch with manufacturers of steel, cotton linters and other products in which the Import and Export Corporation was especially interested.

MORGAN LEAK LEADS TO BROKER'S ARREST

Sulzter, an Occupant of the Seymour Office, Held for the Grand Jury.

The Charge filed by Egan.

Defendant, Whose Bail is fixed at §100 A accused of Publishing Stolen Information


MORGAN BANK CLERK EXPOSED BY LAWYER.

Phillips, Tenant of Seymours, Also makes a statement to District Attorney.

Other Arrests Expected.

A Corporation President named as Go-Between who Dealt with the Bank Employee.


MORGAN EMPLOYE CONFFESSES 'LEAK'.

Tells of giving war-order information to friends of the German Embassy.

Swann takes up new lead.

Clifton, von Bernstorff's lawyer in A ppm Case, admits dealing with clerk.

Carlos E. Moore Involved - Used bank's secret cables but denies that he had any relations with Kaiser's Envoy.


LEAK IN MORGAN SECRETS FOUND.

Broker Who had desk in Seymours' office confesses to Swann.

LEAK IN MORGAN SECRETS FOUND.
Broker who had desk in Seymour office confesses to Swann.

Through a confession by O. B. Phillips, a broker who occupied desk room in the offices of Seymour and Seymour at 120 Broadway, District Attorney Swann yesterday discovered the leak in the offices of J. P. Morgan & Co. through which information relating to munitions contracts for the Allies came into the hands of Phillips, William Hills, Jr., Morton B. Sulzter and Gascherie De Witt who also had desk room in the Seymour offices.

In Phillips' confession made under oath in the District Attorney's office, Charles E. Moore, President of the Export and Import Company of 120 Broadway, is named as the go-between, who relayed the information from the source in the Morgan offices to the brokers, who handled it on a percentage basis. Phillips told the District Attorney, however, that neither he nor any of the other men had made a cent of profit from the stolen information. "I don't know who gave Moore the information", said Phillips, "I knew he had a guardian angel in the Morgan offices, but I have never seen him. All my dealings were with Moore".

The name of the Morgan employé was furnished to the District Attorney by William B. Roulstone, a lawyer of 61 Broadway who was present at the conference which resulted in the confession which Phillips made, as he told the District Attorney, in order that he "might ease his conscience".

Mr. Swann said after the conference that the employé has been placed under surveillance, but will not be arrested until Moore has told his story. It was said last night at the Gramatan Inn, Bronxville, where Moore lives, that he is out of the city on his vacation. He is expected to return today for a conference with the District Attorney.

Phillips told Mr. Swann that he had testified falsely at the hearing before Chief Magistrate McAdoo which resulted in a complaint being drawn against William J. Burns and Martin Egan of the Morgan firm for "publishing private papers" of the Seymours because he had promised to keep Moore's name out of the affair. Because of this promise he said Moore had sent his attorney Roulstone to represent Phillips and the other three brokers which Roulstone had done without knowledge of the case or of the fact that Moore was receiving information stolen from the Morgan office.

The District Attorney said that Roulstone went at once to Moore when he learned that Phillips had not testified truthfully and urged Moore to release Phillips from his promise and lay the entire affair before the District Attorney. Phillips' statement declares that neither Frederick Seymour nor John S. Seymour had anything to do with the financial operations based upon the stolen information, and that they knew nothing of the leak in the Morgan offices.

Mr. Swann said that if the Morgan employé was prosecuted it would be under section 565 of the Penal Code relating to the publishing of private papers. It is for alleged violation of this section that Burns and Egan were placed under $100 bail to await trial in Special Sessions.

MORGAN EMPLOYEE CONFESES 'LEAK'. Tells of giving war-order information to friends of the German Embassy.

Swann Takes up New Lead.

Clifton, von Bernstorff's lawyer in Appam Case, admits dealing with clerk.

Carlos E. Moore Involved.

Used bank's secret cables but denies that he had any relations with Kaiser's Envoy.

With an entirely new line of evidence in hand, District Attorney Swann will begin an investigation today as to whether secret information relating to war materials for the Allies was stolen from the office of J. P. Morgan & Co. for the especial benefit of the German government.

Mr. Swann was started on this line of inquiry by the confession of S. K. Paul, a confidential clerk in the Morgan office who admitted yesterday that he was the channel through which O. B. Phillips and other occupants of the office of Seymour & Seymour obtained authentic data concerning the affairs of the Morgan bank and the Allies.

Paul not only made a clean breast of his own guilt, but he named all the persons with whom he had dealings in the matter. Among these were Carlos E. Moore, President of the Import and Export Corporation of 120 Broadway and John Clifton, a lawyer of Washington, D. C., who is a close friend of Count von Bernstorff and who represented the German government in the Appam case. Both Clifton and Moore admitted their connections with the affair, although both denied acting in any way for the German government.

According to Paul's confession he and another employee decided some time last fall that the information to which they had access in the Morgan office could be turned into a source of profit, if handled carefully. Paul's salary was $1500 and the other man's $1800 a year, and both were anxious to devise some plan of making extra money.

MEETS MOORE THROUGH CLIFTON

Paul told the District Attorney that the other clerk gave the subject much thought, and finally spoke to him of Clifton, the Washington lawyer as being a man who could assist them in commercializing the information which came to their hands in the Morgan office. A meeting was arranged and Paul was introduced to Clifton at the Hotel Vanderbilt. At this conference Clifton, according to Paul, said he had a friend, Carlos E. Moore, who was incorporating a company to negotiate munition contracts and who could make good use of any information that the Morgan clerk might reveal to him.

Paul said that he had about a dozen meetings with Clifton and actually gave him certain information relating to war business which he obtained from the Morgan cables. Then at Clifton's own suggestion he said he transferred this kind of data to Carlos E. Moore in the Equitable Building, having entered into an agreement with Clifton, Moore and the other Morgan clerk that there should be a fair division of the profits realized from the use of such information in making munition contracts.

Paul said he delivered in all more than one hundred copies of memoranda obtained in the Morgan office which Moore made use of through O. B. Phillips and other occupants of the Seymour and Seymour suite. His profits, however, amounted to nothing except that Clifton
advanced him two $50 notes as a "personal loan" early last month.

MOORE'S AND CLIFTON'S ADMISSIONS.

After Paul had made his confession, District Attorney Swann examined Moore and Clifton. Both admitted that Paul's story of the origin of the scheme was true excepting that Clifton was not a party to the agreement calling for division of profits. Clifton insisted that he knew nothing of this agreement and that he merely turned Paul over to Moore because Moore was his friend and president of a corporation in which he (Clifton) was also a director. He assumed from the very beginning, Clifton told the District Attorney, that Paul had a legitimate right to use the information which he obtained from the Morgan office.

As to the "loan" which he made to Paul, Clifton denied that it was intended to serve as "hush money". He admitted that he sent the two $50 notes to Paul in an unsigned letter, but he said he did so simply because he did not want it to appear in any way that he had any connection with the Morgan clerk. Paul, he said, had importuned him on many occasions for loans and he finally sent him $100 because Paul had written that he was in need of money and wanted to take his wife to the country.

Paul, however, denied that he mentioned his wife in his request for a loan because his wife was dead. Paul told the District Attorney that he deliberately worded the request to make it appear as an appeal for a loan. Another point upon which Paul and Clifton could not agree was the number of times they met after they were first introduced in the Hotel Vanderbilt. Clifton said he saw Paul only twice before referring him to Moore but Paul insisted that they saw each other at least six times.

Moore in answer to the District Attorney's questions corroborated Clifton's statement that Clifton was not a party to the agreement relating to the division of profits, but he practically admitted the rest of Paul's story. He, too, however, said he thought the information which the clerk gave him was of a kind which any Morgan employee might use in any way he pleased. He had no idea, he said, that it was "stolen" or that it was being released without the knowledge or permission of the Morgan bank officials.

Moore admitted to District Attorney Swann that he was a brother-in-law of Archibald White, an intimate friend of Count von Bernstorff. He added, furthermore, that he visited White on five or six occasions during the time that he was receiving information concerning war orders from the Morgan office through Paul. He denied, however, that he transferred any of this information to White excepting as to a large purchase of steel which the Morgan concern was authorized to make for the Allies some months ago.

The suggestion that any of this information may have reached the German government through them brought an indignant protest. He denied that he had anything to do with the German government. The corporation of which he was president, he said, was formed for the benefit of manufacturers who were dealing in war supplies for Russia and no other nation.
His connection with the occupants of the Seymour office, he said, began last January and had no other significance further than that O. B. Phillips was in constant touch with manufacturers of steel, cotton linters and other products in which the Import and Export Corporation was especially interested.
MORGAN BANK CLERK EXPOSED BY LAWYER.

Phillips, Tenant of Seymours, Also makes a statement to District Attorney.

Other Arrests Expected.
A Corporation President named as Go-Between Who Dealt with the Bank Employee.

Possessed finally of a complete confession from O. B. Phillips tenant in the office of Seymour & Seymour at 120 Broadway, District Attorney Swann was in a position yesterday to place his hand on the employee in the firm of J. P. Morgan & Co. who created the leak through which secret information concerning munition contracts was alleged to have been peddled to brokers and manufacturers of war supplies. This person is a clerk with ready access to the Morgan cables. Although his identity has been positively established, no step will be taken to arrest him until the District Attorney has examined certain witnesses through whom the man was said to have carried on his work.

The most important witness is the Corporation President, who according to Phillips provided the secret information which he and the other desk-room tenants of the Seymour offices - Morton B. Sulster, Gaeschere De Witt, and William Hills, Jr - used in seeking big commissions on munition contracts.

From Phillips the District Attorney learned that the Corporation President concerned had obtained this information first hand from the Morgan clerk with the understanding that there would be a division of profits.

Phillips, whose story was said to have been corroborated by Sulster, DeWitt and Hills, admitted, according to the District Attorney, that he had not testified correctly when called as a witness in the John Doe hearing conducted by Magistrate Moliddo, but he said he had testified that way merely to shield the Corporation President who had urged him to suppress his connection with the affair.

As to the Morgan clerk from whom that man was said to have obtained the secret information in question, Mr. Phillips and his associates denied that they had ever seen him or knew him further than that he was understood to be the "guardian angel" who was manipulating matters for their benefit from the inside. Phillips said his business was entirely with the Corporation President, now called the go-between, whose integrity and right to the information Phillips said he did not question.

W. B. Roulstone, who was attorney for Phillips, DeWitt, Sulster and Hills at the John Doe hearing said, according to District Attorney Swann, that he had been asked by the Corporation President in question to defend Phillips and his associates, but, the lawyer said, he did not then know that the man was involved personally. And in his examination of Phillips, the lawyer added, he believed the testimony given was the truth and nothing but the truth.

When, however, he was told of the Corporation President's connection with the Phillips's transactions, he conferred with the man at once, he said, according to District Attorney Swann, and urged the man to clean up the whole situation not even sparing himself. This the man agreed to do, and even gave the name of the Morgan clerk who furnished the leak, Roulstone was alleged to have said. This man Roulstone also was said to have transmitted to the District Attorney
yesterday after Phillips had made his so-called confession, thus clearing away the last vestige of mystery and making it possible for the District Attorney to proceed with the case.

The Corporation President concerned could not be found at his office yesterday but the District Attorney received every assurance that he would appear for examination today. The District Attorney learned that neither the Corporation President, nor the Morgan clerk, nor any tenant of the Seymour office had made any profits by the use of the Morgan information, although big profits were often in sight.

MORGAN LEAK LEADS TO BROKER'S ARREST.

Sulzer, an Occupant of the Seymour Office, Held for the Grand Jury.

The Charge filed by Egan.

Defendant, Whose Bail is fixed at $100, Accused of Publishing Stolen Information.

Morton B. Sulzer, a broker and occupant of the office of Seymour & Seymour at 120 Broadway was held in $100 bail for the Grand Jury by Chief Magistrate MaCadoo yesterday on a charge of causing the unlawful publication of secret information concerning munitions contracts obtained through a "thief" in the office of J. P. Morgan & Co. The identity of the thief still remains a mystery.

All that the John Doe hearing has accomplished is to convince Magistrate MaCadoo that Sulzer had made use of the stolen information to negotiate a munitions contract from which he and his associates were to obtain a total commission of about $25,000.

Martin Egan, publicity manager of J. P. Morgan & Co., filed the "information" on which Sulzer was held, and in response to a suggestion by Magistrate MaCadoo Egan said he would also file a complaint against O. B. Phillips, another occupant of the Seymour office.

At the John Doe hearing yesterday, Phillips stubbornly denied that he was the author of the "grapevine" letter, in which the Humboldt Fibre Company of Humboldt, Tenn., was advised of an order for cotton timmer obtained by the Morgan firm from the French Government. The signature admitted was his and he admitted that the Humboldt Fibre Company had sent him a reply by telegraph which he said did not exist, but he declined to acknowledge that he had had anything to do with the writing of the letter.

Phillips insisted that he had only such information as he got from the manufacturers and from Mr. Prindle of the Foreign Department of J. P. Morgan & Co.

"Then do you mean to say Mr. Prindle supplied you the information you sent to the Humboldt people?" asked Francis L. Willman, attorney for the Morgan concern. "No" was the reply. "I have no recollection of ever having had any such information."

"Stand up," said the Magistrate. "I swore you before you took the stand. Hold up your right hand. You swear what you have testified to is the truth, the whole truth, and nothing but the truth?"

"I do," replied Phillips.

Sulzer was convicted several weeks ago of grand larceny in connection with check kiting operations. Justice Benton of the Supreme Court, however, postponed sentence on Sulzer's promise that he would give the district attorney any information that he might have concerning the "thief" in the Morgan office.

Frederick Seymour testified that his communications to the old company were based entirely on information he received from Sulzer and others.

He was followed on the stand by David A. Carvalho, handwriting expert who declared emphatically that the signature on the "the" letter was penned by Phillips.