

# MANIPULATION HE STOLE INTO ON WALL STREET MORGAN'S HEART

Mr. Keene's Way of Making A Market for Steel Securities—Methods of Executing Large Orders.

The methods employed by the manipulators of stocks on the Stock Exchange are as books for the blind to the average individual. The man who occasionally buys stocks bears a great deal about manipulation, but knows little or nothing of it. The confirmed speculator with years of Wall street experience may have a bare smattering of knowledge. The broker of average experience knows some of the tricks, but is well from the best inside information. None of the half dozen most expert manipulators themselves knows all the game.

James R. Keene, master manipulator, admitted that he doesn't know it all. A few weeks ago when Rock Island common stock shot up 30 points and dropped back again in all fifteen minutes, Mr. Keene spent the greater part of the day at the telephone trying to find out how and why it was done.

He traced the brokers who had executed the orders and the broker in charge who had paroled out the orders to other brokers and bombarded them with questions. No one thought of asking why he was so inquisitive, for every one knew the answer. He thought some one had discovered a new wrinkle in stock manipulation and he didn't want to drop behind the times.

A year ago Gov. Hughes appointed a committee to investigate and report on the ways of doing business on all the exchanges. The committee was composed of experienced business men and able lawyers of this city, and had as chairman a journalist, long editor in chief of a metropolitan newspaper which makes a specialty of market news and gossip. One of the first things the committee did was to inquire into the methods of the manipulators, and more time was spent on this branch of its work than on anything else. Some of the members started with questions of proper and legitimate manipulation, but one of those things that don't exist. In the end all reported to the contrary.

The committee learned that much of the manipulation was unobjectionable or even advantageous. It disapproved of manipulation designed to serve merely speculative purposes. It was in the endeavor to make a profit as the result of fluctuations which have been planned in advance. On that which is resorted to for the purpose of making a market for issues of new securities. It had this to say:

"It is essential to the organization and carrying through of important enterprises, such as large corporations, that the organizers should be able to raise the money to complete them. This can be done only by the sale of securities. Large blocks of securities, such as are frequently issued by railroad and other companies, cannot be sold over the counter or directly to the ultimate investor, whose confidence in them can as a rule be only gradually established.

"They must, therefore, if sold at all, be disposed of to some syndicate, who will in turn dispose of them on the course of time they find their way into the boxes of investors, but prudent investors are not likely to be induced to buy securities which are not regularly quoted on some exchange, and which they cannot sell, or on which they cannot borrow money at their pleasure. If the securities are not regularly quoted, they are bona fide, open to all sellers and buyers, the operation is harmless. It is merely a method of bringing new investments into public notice.

One of Mr. Keene's Operations. So after the organization of the United States Steel Corporation it was necessary to establish a market for securities which was new at the time. Wall street had got used to talking in millions and many a corporation of many millions in capitalization had been floated on the exchange.

But here was the biggest corporation in the world a billion dollar corporation, with the common and preferred stock and the bonds included. Its magnitude staggered even Wall street, and most of the wise acres predicted failure for the reason that they said, no man or group of men could ever distribute its securities or establish and maintain a stable market for them. Mr. Keene undertook the task alone.

In the unlikely event that Mr. Keene leaves an autobiography the devices he employed in handling the Steel stocks may become known after his death. Otherwise the fine art of manipulation, as he has practiced it, will perish with him. Every one in Wall street knows it is useless to ask any expert just how his operations are conducted.

But it is known that from the minute the Steel stocks were launched on the exchange there was a free and open market for them at any time sell any amount he desired without materially lowering the price and any purchaser could buy any amount without bidding high for his stock.

Speculators were afraid of touching the stock in the beginning, and for many days buying by the outside public was very slow, but from the first day of trading transactions in it were heavy and the stock fluctuated backward and forward in the same manner as if hundreds of buyers and sellers were responsible for its movements. Its action looked entirely natural, but was principally the result of no doing, of buying and selling orders distributed among a large number of brokers, and with the aid of the orders so ingeniously contrived that the orders did not know their source. Brokers suspected that Keene was behind the stock, but only a few of the most trustworthy actually knew it until months afterward.

# HE STOLE INTO MORGAN'S HEART

Interesting Sidelights Into History of Geo. Fisher Baker The Man Who Sits at Money King's Right Hand.

Special Correspondence. New York, Jan. 25.—Who is this Geo. Fisher Baker, who sits at the right hand of Morgan, king of America?

He's the grimmest, most silent money king of them all. No encyclopedia tells his life story. "Who's Who" barely touches on him. The photographer who gave out the only picture Baker is known to have ever had taken got into pecks of trouble. "Leave me alone," has been the motto of this solitary man.

As a boy he clerked in a Troy, N. Y., store. Baker got a job in the state banking department of New York. With H. Seward was then high in New York politics and Baker's father was legal adviser to him.

Established Bank. When Seward went to Washington to be Lincoln's secretary of state, the older Baker accompanied him. Just about then "Old" John Thompson put forth the national bank idea, and when the national bank law was passed Thompson established the First National Bank; it really was his father's bank. Baker was proud to get a job there as a clerk. When the war bonds were issued Baker's job was to sell them; probably his father's connection with the administration had something to do with this honor and responsibility being placed on young Baker's shoulders.

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One day, when Wall street legend knew, they sold bonds to Jay Cook & Co., and within a short time the Jay Cooke company failed and could not pay. This error on the part of the two young men threatened their ruin, but Baker turned defeat into victory.

With Falmstock he went to John Thompson. Give us six months option on the bank and we'll buy it, if you'll stay in as president until the purchase," they suggested.

Thompson wished to retire, and though astounded by the offer of the young men, it served to renew his confidence in them. Perhaps, too, he knew that Baker's father was high in the councils of the administration and might give aid to his son.

For six months Falmstock and Baker scurried about, and at the end of the time, having settled for the Jay Cooke error themselves, bought the controlling interest in the bank. Into Wall Street.

And that is how Geo. Fisher Baker got into Wall street. How much aid he got from the invisible wires that always seem to reach from Washington to Wall street in all administrations, will never be known.

But Baker was always a grim, and silent. These were for him. He is a living "No." That's the only word, they say, that he knows. He never says "Yes" to anything; that would be a waste of time, for all his "yeses" he acts.

There is no glad hand about him. He has a son, named after himself. He is a vice-president of the First National Bank. Baker himself resigned the presidency of that institution Jan. 12 of this year.

Wall street says he is worth at least \$200,000. His only child, Henry Falmstock, besides Morgan, is Henry Falmstock. His pastimes—well, no one ever sees him at the dozens of clubs he belongs to. As even Pierpont Morgan himself goes to thrice as many banquets. Grimness and aloofness and cold determination are Baker's characteristics.

Baker is today bigger in Wall street finance than any Vanderbilt, Gould or Astor. He is Morgan's right hand. You don't hear much about him because he prefers the closed door and the "No."

didn't want to punish them, for he needed their help later, and he also knew that a substantial short interest is an element of strength.

# NO MORE STRAPHANGERS IN EDISON'S STREET CAR



"WIZARD" THOS. A. EDISON STANDING BESIDE NO. 1, HIS NEW ANTI-STRAPHANGER STREET CAR.

By Thos. A. Edison. The new car is absolutely practical for commercial purposes. Whereas the ordinary trolley is 30 per cent. I have reduced it in the new motor to 45 per cent. There is a lot of nonsense in trolley cars as they are made now. They should be made lighter instead of applying four or five tons to carrying one ton.

The new cars might be used in the immediate future for taking care of the increased street railway traffic in large cities without increasing the existing number of power houses.

Suppose that the New York street railroads, for instance, bought 500 of these new storage battery cars for use during rush hours. These cars could suck up during the night the power at the existing power houses, practically useless at night, and be fully charged when the rush hours came.

Special Correspondence. West Orange, N. J., Jan. 28.—Straphangers of St. John city ought to be interested in the latest invention of Wizard Thos. A. Edison—a trolleyless, strapless street car. For just as soon as these new cars reach the tracks of St. John city and other places, there will be an end to these things:

"Step forward, please." "Trolley off the wire. (No trolley you know.)" "Conductor's backache." "And the dear old lady who says: 'Huh! I thought there was a gentleman in this car who'd give me a seat.'"

Yes, it sounds too good to be true, but that is just what the wizard promises in his latest invention. His new street car has no trolley and requires no outside power. It carries its power in itself, just like a house has its own heating plant in the basement.

The new Edison storage battery enables his wonderful street car to do these things. The battery can be thrown out of a third-story window without harming it. The first public test of the new cars took place here the other day before a crowd of scientists. Edison himself was at the controller wheel.

The car is 24 feet long and carries 30 passengers. It is equipped with 210 cells, arranged under the seats on both sides. Of these cells, 200 are for propulsion and 10 for lighting, with a total for 20 horsepower.

Edison estimates that the cost of driving the new car will be 1 cent a mile. The aged inventor was absolutely certain of success. He was looking out of the window as the car sped along on its independent battery when he saw a couple of small boys gazing open-mouthed at a car which ran without a trolley pole.

"When you were a kid like those," he said, smiling at the man seated beside him, "your eyes were just as big when you saw the first electric car going along the street without horses. Those youngsters will live to see the day when no cars but this type will be used on street railroads."

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# WALL STREET IS HIGHER FACE TO FACE WITH DEATH

Dr. A. Selwyn-Brown Shows That Huge Monopolies Have Piled Up Earnings While Boosting Cost of Necessaries

(Arthur Selwyn-Brown, M. A., Ph. D., is a Wall street onlooker in the heart of the country's money center. He watches business and makes observations on it. He isn't a reformer or a critic. He's just a historian, cold-blooded and uncalculating, yet in this article, written especially for the Standard, he says trusts are to blame for high prices of commodities.)

By Dr. A. Selwyn-Brown.

One of the most remarkable features in the last year's commercial transactions was the pronounced increase in the prices of commodities. Each month reports and statistical tables are published to show the average price changes during the month.

The best known price tables are those published in America by Bradstreet and in England by the Economist.

Bradstreet's tables show that since 1896 prices of all commodities have increased over 61 per cent. The American price index number for January, 1910, is the highest since 1890. It surpasses the previous high of 1907.

Dr. A. Selwyn-Brown. high record—that published on March 1, 1907—by 1.1 per cent. January's index number is 11.7 per cent higher than the number for January, 1909.

These price change indicators conclusively show that the prices of both raw and manufactured articles in the United States have increased 61 per cent since 1896, and that prices are at this moment higher all around than they have ever been before. As a result of this it costs us 61 per cent more to live today than it did in 1896, and prospects are that prices during 1910 will advance still more rapidly than they did during the past three years.

The worst feature of this question is that wages and salaries do not advance at the same rate as prices and living costs. Statistics show that wages in skilled trades in the eastern states have advanced only 35 per cent in the last 10 years. In the same period the wages of unskilled laborers, who are not assisted in obtaining advances in pay by labor unions, have advanced only 18 per cent.

Salaries of many men and women doing light work, and of most people who are employed in offices, have not increased at all in the past ten years.

What has caused this unsatisfactory state of things? The explanation for the increase in prices is probably that no single factor like gold production is responsible. There are a large number of circumstances contributing to the advance. It would appear that the improvement in education, and inventions, better methods of transportation, more skillful agricultural methods, improved banking, wider speculation, the large increase in exchange dealing with raw materials, and more than anything else, probably, the growing tendency of the great trusts to advance the costs of the raw materials and goods which they control are important factors.

No country in the world is so largely in the hands of trusts as the United States, and in no other country is the working class so poor and the cost of living so advanced so much as in America.

Trusts control the products of the farms, the mines, the mills, the public utilities of the large cities, the banks, the shipping companies and railroads. They, to a large extent, work in unison with each other, and are always striving to get the last cent from the public that patronizes their business concerns.

Financial reports published by some of the larger trusts plainly illustrate the truth of the old aphorism that "it is an ill wind that blows nobody good."

Greater Profits. While the people are suffering from the high prices of the necessities of life the trusts are increasing their operations in all directions, and are earning greater profits every year.

Statistics relating to the business operations of United States Steel, Standard Oil, the tobacco, dry goods, fruit and other trusts, as well as the express and railroad corporations, during the past six years, show that their accumulated surpluses have been immense. Last year was one of the most prosperous they experienced.

# FACE TO FACE WITH DEATH

Stories of Those Who Have Been in Imminent Peril of Their Lives—The Rapidity of Thought.

Boston, Jan. 28.—Two men were sitting at a table in a restaurant discussing various psychological phenomena. Both were professional men and familiar with the technical as well as the popular side of the subject they were reviewing, which was the concentration of the attention when face to face with death.

"One often hears wonderful stories of the instant review of the events of a lifetime experienced by drowning persons or those who are in danger of imminent death," remarked the older of the two, "but I have always been a confirmed swimmer, and the possibility of such a complete revival of the memory and the condensation of the events of a lifetime into the instant and a half that it takes to drown."

"But," objected the other, "it has fallen to my lot on two separate occasions to be thoroughly convinced of the rapidity of thought which is possible when one is face to face with death. Instead of a rapid and extensive review of past events I should have been able to concentrate on one fixed idea always immediately connected with the danger in which I was placed."

Their Perilous Dip. "My first experience of the kind was in the River Shannon, when I was learning to swim. I had taken only a few lessons in shallow water, when, being in a rowboat on the river with two others, one, a Mr. Brown, who was a very good swimmer, proposed that we should take a dip. A Mr. Smith stayed in the boat to guide it.

"After I had tried a few strokes, staying close to the boat, I would only a few lessons in shallow water, when, being in a rowboat on the river with two others, one, a Mr. Brown, who was a very good swimmer, proposed that we should take a dip. A Mr. Smith stayed in the boat to guide it.

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# NO SECRETS NO PROBLEMS

Domestic State of Part of the United and Canada—Ways Servantless.

New York, Jan. 28.—There are parts of the United States where most persons, even for the best of reasons, there is no servant. That may sound like a paradox to harassed suburban housewives, but the reason that there is no problem in such regions is that there are no servants.

Well to do folk in rural villages, in Iowa and only in the West but in no servants in such places are dozens of college towns, the masses and daughters do practically all the work.

In some of these places of rural villages, in Iowa and only in the West but in no servants in such places are dozens of college towns, the masses and daughters do practically all the work.

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