

APPENDIX No. 1

business and called for rates of attained age on a certain portion of its membership. It caused, naturally, a great deal of dissatisfaction, and a good deal of contention in the courts, and worked very much in many ways to the detriment and embarrassment of the company. In 1898, while those troubles were pending, the second vice-president came from England, and soon after his return exhibited great dissatisfaction as to the management, and it became known to us that he was engaged, with a certain ex-employee of the company, and others, while still he was drawing his salary and acting as vice-president, in fomenting contention and suits against the company and its management, and those centred about a man named Hoffecker and through him or his brother he employed General Tracy. Mr. Hoffecker had taken from the office, when he went away, copies of a good many papers that had passed through his hands, in his duties as an officer or employee of the company, and there was a declaration made and brought to us by the second vice-president at one time that there was a purpose to move before the Attorney General for leave to begin a suit to remove the officers or remove Mr. Burnham or myself—I think I was included. That was regarded only as one of the incidents of the whole matter. Attempts were being made to get together the policy-holders to combine in large suits against the company on account of Mr. Burnham and other matters, and the management felt that under the circumstances, with the reapportionment recently made, it was an extremely hazardous time for the association and its interests. It took the advice of the best counsel, naturally, that it could have under the circumstances.

By Mr. Coster, K.C., Counsel for the Committee :

Q. Who was that?—A. Frank A. Lawrence, of Lawrence & Hughes. There came to the company finally a proposition through our counsel, who stated that the position of General Tracy with reference to the matter was such that if the whole affair could be closed up, and the expenses paid, he was not disposed to go any further in the matter, and that Hoffecker and the others interested were willing to discontinue and in the same way restore the papers and stop their attacks on the association. The management did not regard, and does not regard now, the fact that an application was to be made to the Attorney General for permission to begin a suit to remove the officers as the main point in this matter at all. Exactly such an application was made at the instance of this same officer within twelve months thereafter, and heard by the Attorney General in the regular course; but they did regard the attack as a serious one under those conditions, because of the large expenditure it was going to involve, because of the long litigation and the trouble it would make with the policy-holders, and destruction of policies of insurance, and in view also of the fact that it had already been decided at the annual meeting that the services of the second vice-president would be dropped, which would cause a further agitation, and he took the advice of our counsel in the matter, but did not rest satisfied with advice simply of counsel. I consulted personally what I regarded as the best practical insurance men in the city of New York, and laid the entire matter before them in detail :—

Mr. COSTER.—I do not want to stop this, but there was objection to a little hearsay evidence before, and the witness has now been testifying as to what was in the minds of the association, which, I submit is a little worse than hearsay evidence.

Hon. Mr. WILSON—Not only that, but he is relating what reports were brought in, and these reports are not before us.

Mr. COSTER, K.C.—The Tracy charges were not allowed to go in. If the witness is going to explain the withdrawal of the Tracy charges, the charges themselves should go in.

The CHAIRMAN.—The Committee cannot put a value on the evidence until they know what was in the charges.