CHAPTER XVII

THE REORGANIZATION MANAGERS

Mr. Fisher: In these prior interviews and steps of various kinds . . . with respect to the formation of protective committees, was there any discussion as to who would be the reorganization managers?

Mr. Hanauer: None whatsoever at the time.

Mr. Fisher: When was that matter first discussed?

Mr. Hanauer: That came up in this manner . . . immediately after the formation of the bondholders' committee, the first question which arose was the character of advertisement which the committee should put out . . . and I said to the committee that . . . experience had shown that . . . a general investor did not deposit under a deposit agreement that did not provide for a plan . . . that we hoped that the National City Company and Kuhn, Loeb & Company could very soon submit . . . a plan . . . that it would be a wonderful thing if this reorganization could be made a short one. . . . The members of the committee thought that would be very fine. . . .

We worked on a reorganization plan. After it was satisfactory to Mr. Mitchell and to my partners and myself, I took it up with Mr. Ecker. They put it in print form so it could be easier read, and that plan, naturally, being our proposal, called for our acting as reorganization managers thereunder . . . it was assumed that if that plan was acceptable, that we naturally would be the ones to have the responsibility of carrying it into effect, and

eventually with modifications . . . that plan was promulgated on the 1st of June. Details, of course, as to compensation and other things were discussed and agreed upon.

The compensation was a million dollars for the two banking firms, and between half and three-quarters of a million dollars for their counsel, who served as counsel to the managers and to the bondholders' committee, respectively.

Mr. Hanauer was given a further opportunity to explain the appointment of the bankers to the governing posts in the whole affair when the reorganization plan was being submitted to the Interstate Commerce Commission more than a year after the testimony just quoted.

Mr. Anderson: When was that first determined upon?

. . . . .

Mr. Hanauer: . . . I then stated that I thought that . . . we would be able to promptly present to the committee a plan for reorganization. . . . That suggestion was accepted by the committee and while, of course, nothing was said as to reorganization managers, it was almost an assumption that if the plan which we had eventually suggested was agreeable and accepted by the committee that it would become our duty to put it into effect. As a matter of fact, it was a natural thing. We were the only people who were in contact at all with the $11,000,000 of bonds in France. We had the knowledge of the situation and we felt that we had the confidence of the investors throughout the United States, that they would come in, and we had experience in reorganization of other railroads. Nothing was said, but it was assumed—

The bonds in France aggregated less than five per cent of all the junior bonds involved in the reorganization.

At the conclusion of Mr. Hanauer's testimony Director Mahaffie of the Commission, who presided at the hearing, referred to the selection of the bankers as managers.

Director Mahaffie: I am not quite clear from this record how you came to be reorganization managers and what your relation is to the property.

Mr. Hanauer: We had no relation to the property itself except in the way that I have testified, that previous to receivership we had purchased from them numbers of issues of securities. . . . After that we had this relationship for the security-holders and submitted this plan of reorganization to the bondholders' committee, who approved of it, and then it was approved by the stockholders' committee, and then under that plan it became our duty to put it into effect.

The assumption that the bankers would be the reorganization managers was entertained by the bankers from the beginning. There was no standing on ceremony, no waiting for an invitation. The bankers printed their assumption, in big, bold-faced type. The first draft of a plan which they submitted to the committees, and every succeeding draft, bore on the cover this legend:

KUHN, LOEB & CO. THE NATIONAL CITY COMPANY.

Reorganization Managers.

The opening words of the document were these:
"The accompanying plan of Reorganization . . . has been promulgated by

KUHN, LOEB & CO. AND THE NATIONAL CITY COMPANY

Reorganization Managers."

On the last page the bankers' names were printed as signatories. Throughout the lengthy document the names mentioned were those of the bankers. Provision was included in the agreement that the profits and the powers of managership should remain perquisites of the bankers' business. In the event that, before completion of the reorganization, Kuhn, Loeb & Company

should turn that business over to a successor firm, or the National City Company should transfer its business in some merger or consolidation, they could transfer their managership with the rest of their assets. Thus, by the terms of the document, managership of the reorganization was not entrusted to persons or concerns for their skill and as long as they remained competent and in business, but was to be instead one of the assets of specified banking enterprises.

The first printer's proof shown to the committees was dated May 20 and reached their attorneys by the 21st. It included a proposed letter from the consulting engineers, Coverdale & Colpitts, who had acted for the St. Paul board and were under the ostensible retainer of the bondholders' committee. The letter was addressed to the bankers as "Reorganization Managers under the Plan and Agreement dated June 1, 1925," even before the engineers' client had seen the plan or accepted the bankers' assumption that they were to be managers. It was all, as one of the committee members said, "a foregone conclusion."

Evidence on that subject was obtained from Mr. Mitchell, president of the National City Company, one of the reorganization managers.

Mr. Mitchell: . . . It was a great property, we were certainly greatly interested in those millions of dollars of the securities of the property, and it was only right and proper that we should sit in the center of the picture and protect the interests of the security-holders so far as we could in the reorganization and bring about an equitable and fair reorganization and a financial structure that would be sound.

. . . . .

Mr. Grady: Well, you had no stock, had you?
Mr. Mitchell: No.
Mr. Grady: You had securities, though, did you?
Mr. Mitchell: I beg pardon?
Mr. Grady: Had you securities?
Mr. Mitchell: We had no bonds.

As a matter of fact, the bankers did not have any ownership interest in those millions of dollars of securities. What Mr. Mitchell described as right and proper was not something that the law required or in which it gave them a right or interest. They were first on the spot and arranged the picture, pre-empted all the seats, and assigned all but the center to their nominees. There sat the committees, unarmed on Mr. Hanauer's advice. Also on Mr. Hanauer's advice, the chief committee was protected by Mr. Mitchell's lawyers. The bankers then took the center, not by assumption, not even by capitulation, but without the need of striking a blow.

When they seized their position, they carried with them the document to be signed by the committees. That paper was not a permit, letting the bankers stay in the center. It was a title-deed, giving them the ownership of that place. With that title-deed, as will be detailed in a later chapter, was a declaration of potential suzerainty, to be published to St. Paul security-holders throughout the world. That declaration provided, in fulsome legal phraseology, the meaning of that right to sit in the center of the picture which Mr. Mitchell later mentioned. Mr. Mitchell's bank and Mr. Hanauer's firm were to have the authority, made lawful by the paper their lawyers had prepared, to subject to their will practically everybody else and everything else in the reorganization.

In the Commission's investigation, question arose as to the need of employing bankers to prepare a reorganization and put it into effect. Inquiries were directed particularly to the possibility of having the receivers prepare the plans. One of the witnesses with whom this was discussed was Mr. Buckner, head of New York Trust Company, a J. P. Morgan & Company banking connection.

Mr. Hickey (*Commission attorney*): Are you prepared to say, Mr. Buckner, whether it is feasible for receivers . . . to reorganize a property such as the St. Paul under the circumstances that exist?

Mr. Buckner: I don't see why. It is not difficult if you get a plan that appeals to the security-holders. I do not see why a receiver could not put it through just as well as any other group of men.

Mr. Hickey: Just as well as Kuhn, Loeb & Company and the National City Company?

Mr. Buckner: Surely. Of course the receivers may have to be in a position to underwrite some of the securities, and in that event they would have to have banking affiliations or banking backing in some way. Of course that is a detail that could be arranged.

Mr. Hickey: Do you see any need of new legislation to straighten out many things that are needed in connection with a receivership such as we are considering here?

Mr. Buckner: I don't think of anything offhand.

When Mr. Hanauer heard of Mr. Buckner's testimony, the conversation between the two men was of such a nature that Mr. Buckner wrote a letter trying to explain what he had said. This letter led to questioning of Mr. Hanauer when he took the stand later.

Mr. Grady: You called him up. What did you say to him?

Mr. Hanauer: I said: "Good morning, have you read the New York *Times* this morning?" It was Sunday morning, a week ago last Sunday. He said: "No." I said: "Well, they have a story about your testimony. Let me read it to you," so I read him his testimony as reported in the New York *Times*.

. . . . .

Mr. Grady: . . . that was the only part of his testimony given to which you particularly referred?

Mr. Hanauer: Yes, sir.

Mr. Grady: That was the thing that really interested you?

Mr. Hanauer: I wanted to find out whether he said it.

Mr. Grady: Tell us what else you said.

Mr. Hanauer: He said: "I did not say anything of the kind, and I am going to get the New York *Times* to correct it." I said: "That is very nice. . . ."

I went to the country and during the day I got hold by telephone of the actual testimony and had read to me exactly what Mr. Buckner had said. That evening Mr. Buckner called me up and started to read a telegram to the *Times* that he was going to send them. I said . . . "I am afraid you did say a good deal like the *Times* said."

.....

My concern was because he is the chairman of the preferred stockholders' committee, which has approved the plan brought out by us, and as I said to Mr. Buckner, "I think in your own interests you ought to correct it. You approved this in behalf of your committee." I don't care whether he ever corrects it.

When Mr. Hanauer said that he did not care whether Mr. Buckner corrected his testimony or not, obstacles to such correction had already arisen. A few days earlier Mr. Buckner's letter proposing to correct what he had said was received by the Commission, with his request that it be put in the record as part of his testimony. One of the lawyers suggested that it would be better to have Mr. Buckner take the stand and explain his explanation. The letter did not become a part of the record. Mr. Buckner did not come back to testify in person how his testimony should be changed, why it should be changed, why bankers should direct reorganizations, and why others could not manage reorganizations.

Another of the committee chairmen, Mr. Ecker, was asked for his opinion, and agreed that it was possible to reorganize without bankers, but thought it would be a great mistake. Mr. Hanauer, questioned on the subject, felt that receivers could not prepare a satisfactory reorganization plan, and that they could not reach the security-holders. "Why," he said, "they would not know where to go to communicate with the French

bondholders." A list containing the names and addresses of eighty per cent of the French holdings had been obtained by the company, at its expense, some months before the receivership. This list was among the records which the court, on appointing receivers, had ordered should be turned over to them. The bankers had this list, obtained either from the company or from the receivers.

When the bankers' plan came before the Interstate Commerce Commission, three of its members took occasion to express criticism of the use of bankers as reorganization managers. Commissioner Eastman said that "bankers and lawyers . . . ought not to dominate its preparation. They should be employed as expert advisers upon a strictly professional and nonspeculative basis. . . . The reorganization managers should be wholly impartial and neutral, not affiliated with any group of security-holders nor with any particular group of bankers."

This opinion drew, from the same consideration which Mr. Hanauer had particularly emphasized, a conclusion diametrically different from Mr. Hanauer's. Commissioner Eastman thought that reorganization managers should be impartial persons, and that receivers should qualify for that work because receivers are supposed to be impartial persons. Mr. Hanauer thought that receivers should be impartial persons and that this disqualified them from being the men to manage the reorganization.

By securing the place of reorganization managers the bankers rounded out that all-embracing power which they had built up in the court receivership. They continued to augment it and to make it more and more effective. Beginning the receivership with the important presence of their lawyers' western representatives, Winston, Strawn & Shaw, one of the most powerful law firms in Chicago, the bankers supplemented the voice of these advocates with a voice likely to be as persuasive and agreeable to the receivership Judge as any in his court. This was the voice of Mr. Tenney, in whose firm Judge Wilkerson had begun his career as a lawyer, had become a junior partner, and had spent

the first ten years of his professional life. Mr. Tenney was selected as attorney for Guaranty Trust Company, which was subject to the directions of the reorganization managers.

The bankers' influence was extended to the point where they had considerable power of the purse over all the "parties" in the receivership and all their lawyers, as well as over the entire reorganization personnel. The reorganization agreement did not give the bankers the same absolute power to determine the fees of the receivership parties and lawyers as it did to fix the fees of the reorganization staff; but all the fees were to come out of the same place, the security-holders' property. And the bankers, likely to have control of a substantial proportion of the bonds and stocks of those owners, and becoming under their reorganization plan the legal owners of those securities, would be in a position to argue that in effect the fees were being paid out of the assets they controlled. They would thus be able, if need or desire moved them, to appear before the Judge with the weighty voice of the apparent owner from whose property the Judge was to carve out the fees for the compensation of the parties to the receivership.

The bankers could, therefore, help or hurt the lawyers and trust companies applying for fees. The bankers' opposition would tend to contract fees. On the other hand, acquiescence or approval might be helpful to the applicants for fees. This would be particularly true if the Judge did not envisage the possibility of log-rolling or was desirous of relief from an embarrassing duty.

It was not necessary to rely wholly on the experience and foresight of the lawyers and the parties to have them realize that the amount of their fees might be substantially affected by the attitude of the bankers. The formal power which the bankers apparently lacked, so that Mr. Hanauer could say to a committee of the United States Senate that the "compensation and expenses under the jurisdiction of the Federal Court . . . are entirely beyond our control," was virtually granted to the bankers a month after he made that statement. An order was submitted

to the Judge providing that the "purchaser" of the property should pay the fees. This the purchaser would do out of the railway assets. The managers planned to have their nominees become the purchasers, and everyone realized that this purpose would probably be carried out. The Judge's order also permitted the "parties" and the "purchaser" to agree on the fees; if they arranged matters, the Judge's independent scrutiny was disposed of. It was with full knowledge of this order of the court that the lawyers for the "parties" functioned in the receivership during more than half of its duration, when their co-operation with the bankers was particularly needed.

The lawyers for the "parties" appeared in court as neutrals, not as friends, partisans, or servants of the bankers or of their associates. It was thus to the advantage of the bankers, even after they had a formal place in the reorganization which the receivership proceeding was to serve, to abstain from being a "party." Their partisan views could be presented to the courts by apparent neutrals as the impartial views of parties who were not taking sides.

The managers' lawyers did at times appear in the court proceedings, but informally, and without making their banker clients formal parties to the receivership. By this method of doing business the managers were left in a better position to urge that they were not subject to the jurisdiction of the court: They had all the advantages of "parties" to the receivership and escaped most of the burdens which would have fallen upon them as parties.

In every proceeding before every government tribunal that considered St. Paul reorganization affairs, the same policy was followed by the managers. Their ever-increasing powers were steadily matched by a maximum of irresponsibility. It was not only that when they put the St. Paul into the hands of the court they used the Binkley Coal Company and the board of directors for this purpose, or that when they had the property "sold" on the auction block they used the trust companies to bring this about. When the managers "bought" half a billion dollars' worth

of railroad, the buyers were two of their lawyers, not buying as attorneys for the bankers, but in the lawyers' own names. When the managers asked the court to approve their reorganization plan, they did not make the application, but had it done by a corporation. This was the new company to take over the property, but at the time of the court proceeding it was nothing more than a piece of paper, kept in the office safe of the bankers' lawyers.

It was by reason of such a policy that the bankers achieved immunity. When independent bondholders applied to become a "party," on the ground that the receivership was being used for the bankers' reorganization purposes, the Guaranty Trust Company of New York referred to the "Kuhn Loeb–National City Plan of Reorganization . . . representing as it does only the private agreement of certain of the bondholders." When independent stockholders complained to the court about the threats of forfeiture which the managers were uttering against stockholders who had not yet yielded to their wishes, the Judge said: "Could the court reach out and stop these New York gentlemen from advertising this plan? . . . Isn't it the limit of this court here to exercise control over its receivers?"

A second tribunal to which the managers' plan had to be submitted was the Interstate Commerce Commission. Here, too, the application was made by a corporation, not by the bankers, although of course the bankers' lawyers were the lawyers for the corporation. According to the view they later expressed to the United States Supreme Court, neither the reorganization managers, nor the committees, nor the trust-company depositaries, nor the lawyers of any of them, nor anyone else used for the reorganization, were within the jurisdiction of the Commission. Not even the "subject matter" of the plan itself, so they claimed, was under the Commission's jurisdiction.

The Commission endeavored to ascertain whether the fees which the bankers, their lawyers, and their other appointees were to receive out of the pockets of St. Paul security-holders were excessive or reasonable. The bankers went to court to get

an injunction to tie the Commission's hands. But the bankers were not a "party" to this injunction proceeding. They had a corporation bring the lawsuit against the Commission, although of course the bankers' lawyers were the lawyers for that corporation.

There were two government proceedings with which the reorganization managers probably wanted to have nothing to do. One was the investigation of St. Paul affairs by the Interstate Commerce Commission, and the other was a hearing by a United States Senate committee. When the reorganization plan, publicly advertised for many months, was referred to in the Commission investigation, Mr. Dynes, the attorney for the St. Paul company, would have none of it. He argued that it was "not in existence in any official form." He asked the attorney who referred to the plan: "Are you in the position of saying that Kuhn, Loeb & Company and these other planners should be parties to this proceeding and their actions and operations as individuals, as private enterprise people, should be investigated here?"

Mr. Ekern, attorney-general of the State of Wisconsin, mentioned the managers' threatening advertisements, and the following colloquy ensued:

Mr. Ekern: This only has to do with one point, the methods adopted by these reorganization managers in forcing the deposit of these securities.

. . . . .

Mr. Dynes: Now, it is very obvious that this has really not anything to do with what was before the Commission in this proceeding. I cannot see any good purpose in it, and if there is a concealed purpose it is probably not a good one.

When the Commission's investigation was completed, and before it had made its report, the bankers submitted a memorandum to the Commission, giving their view of what the testimony before that body showed. They pointed out that they had no

responsibility for the company's failure, that receivership was "inevitable," that the early receivership had been due to the advice of the company's attorney, and that they had made no suggestions for the selection of members of the stockholders' committees. The bankers were careful to preface their summary with the statement that neither of them "is a party to the proceeding."

Another inquiry, this time before the United States Senate committee, arose out of a proposal to reduce the interest rate on existing government loans to the St. Paul and other roads and to postpone their maturity date. Senators wanted to know who would benefit by this proposal and gradually got into the subject of fees and managers. The bankers did not go to the hearings. Finally independent security-holders asked that they be subpœnaed, and committee members indicated their feeling that the bankers should be compelled to attend. The latter then came to the hearings, and Mr. Hanauer said at one point: "We want this committee and the Congress to know that there is nothing about this whole situation that we would not be delighted to have them and the public know from beginning to end."

The retiring attitude of the bankers led, almost unavoidably, to the discomfort of some of the witnesses questioned with respect to the bankers' part in the receivership decision, in picking the receivership and reorganization personnel, and in directing affairs. But even in the midst of witnesses who could not remember or did not know, it appeared that the man they had selected for a crucial post became the adviser of every important person in the situation, on the receivership side and on the reorganization side, and deemed himself subject to the call of all these parties, as one interrelated group. The following is from the evidence of Mr. Colpitts, the consulting engineer called in by Mr. Hanauer.

Mr. Miller: Whom did you represent in the investigations that you made . . . ?

Mr. Colpitts: . . . My firm was employed by the directors.

Mr. Miller: Whom did you represent in the proceedings before

the Interstate Commerce Commission, in reference to the purchase of equipment?

Mr. Colpitts: Well, I couldn't say. I really don't know. I was asked by Mr. Byram, or perhaps it was Mr. Dynes, if I would appear before the Commission and testify in the matter of my recommendations for the purchase of equipment for the St. Paul.

Mr. Miller: You are being paid for your services, are you not?

Mr. Colpitts: Well, I haven't yet. I don't know who will pay me.

.....

Mr. Miller: Haven't you rendered a bill for any of your services up to date?

Mr. Colpitts: No, sir.

Mr. Miller: And have been paid nothing up to date?

Mr. Colpitts: Oh, I have been paid for this report.

Mr. Miller: Who paid you for that?

Mr. Colpitts: The railroad company.

.....

Mr. Miller: You know by whom you are now retained, don't you?

Mr. Colpitts: I know that we are retained by Mr. Ecker's committee.

.....

Mr. Miller: By whom else are you retained?

Mr. Colpitts: We are not definitely retained by anybody else.

Mr. Miller: Not even the receivers?

Mr. Colpitts: I mean to say that we—in all these situations we are asked to help anywhere we can, and we always do. Just by whom we are retained is seldom a matter that gives us any concern whatever.

The following day he was asked about the letter of his firm recommending the bankers' plan of reorganization. This was the

letter which the bankers asked the engineers to write.

Mr. Grady: And do you expect compensation for that from anybody?

Mr. Colpitts: I certainly expect compensation for the work that we have done since the receivership as experts for the bondholders' committee.

Mr. Grady: This letter that you addressed was not requested by the bondholders' committee?

Mr. Colpitts: No, sir.

Mr. Grady: It was requested individually by Kuhn, Loeb & Company, and under this plan—

Mr. Colpitts: And the National City Bank.

The relation of the witness to the bankers was discussed further. His importance in the reorganization was emphasized by Mr. Hanauer's testimony that the engineer's report was the conclusive matter bringing about a reorganization of the entire junior financial structure of almost half a billion dollars. Mr. Hanauer acknowledged that "Mr. Colpitts, since the receivership [has] been advising the entire situation, the bondholders' committee, the reorganization managers and the receivers. . . ." When this bankers' nominee, who was active here, there, and everywhere in the machinery which the bankers had assembled, testified in the final hearings before the Commission, he admitted the steps by which he passed from one nominally different client to another nominally different client in the one combination.

Mr. Anderson: As a matter of fact, your connection with the matter has been substantially continuous, has it not?

Mr. Colpitts: Yes.

Mr. Anderson: The only effect was that when the company was no longer in a position to retain anybody, the bondholders' committee stepped in and took its place as your client?

Mr. Colpitts: Naturally.

Mr. Anderson: And the reorganization managers, when the reorganization question was taken up. That is about the practical way in which you handled it, isn't it?

Mr. Colpitts: Yes, sir, we have been acting without thought of just by whom we are employed, or anything of that sort.

Mr. Anderson: . . . You have been the adviser of the bondholders' committee since March 18, 1925.

Mr. Colpitts: . . . I assume that is correct. But, as I say, dates have meant nothing. We have been continuously engaged.

The bankers, as has been seen, were also continuously engaged. But they preferred solitude and privacy. This was, after all, in the grand manner of American finance and financiers, as well as of St. Paul finance and financiers. So it was that the men who led the St. Paul company to the largest public receivership in American history took a road that was a private road. The special board meeting to accept the bankers' proposal for that independent engineering study which was to give the finishing blow to the existing St. Paul society was secretly held in a room at the New York Trust Company, lest anyone learn that the board had even met. The lawyers' meeting to put the finishing touches on the receivership plan, called by men who did not have an interest in the St. Paul receivership, but expected to acquire one, was held in the private room of Mr. Robert T. Swaine, in the Kuhn, Loeb building, and even directors were never told of it.

The notion of privacy grew and grew. Mr. Dynes was not the only one who talked about "private enterprise people." The attorneys for the Guaranty Trust Company of New York, themselves the established attorneys of the J. P. Morgan banking firm, told the United States Circuit Court of Appeals that the reorganization plan affecting forty thousand security-holders and half a billion dollars' worth of property was simply a "private contract." The attorneys for the preferred-stockholders' committee, the established attorneys of the John D. Rockefeller bank and family, told the Interstate Commerce Commission that bond-

holders' objection to the bankers' plan as unfair "relates to purely private rights under the plan and does not in any way affect the public interest."

The bankers' lawyers told the United States Supreme Court that the provision of the reorganization plan for the fees of themselves and their clients, assessed, under the plan, against the security-holders, "was an ordinary business arrangement by which certain private persons were to perform services for other private persons and were to be paid for such services." The fact that the managers prescribed what forty thousand scattered investors were to pay to the bankers and their group was disregarded. They apparently did not see how similar the matter was to the electric light charges of one of the companies controlled and described by Mr. Ryan in the Commission's investigation. He mentioned a public utility company in Montana, serving some forty thousand customers. The reasons for making the charges of such a company a subject of public concern and regulation were quite applicable to the St. Paul reorganization—the inability of forty thousand separate persons to protect themselves individually against a powerful company, and the monopoly position of the concern furnishing the services. The St. Paul investors were far less able to protect their own interests than the electric light consumers in a compact area, for the investors were scattered over the face of the globe.

The theory enveloping the St. Paul reorganization as a private matter, and the St. Paul bankers as "private enterprise people," was born of something more than the traditions of financial lawyers. The chief of the St. Paul bankers, Kuhn, Loeb & Company, had in their own banking business become steeped in that privacy which they preferred for themselves as St. Paul managers. Their firm had the exclusive financial business of a string of American railroads and other corporations and was a great power in American and international finance. Mr. Hanauer was asked about the public regulation and supervision of such a banking institution by the attorney for the State of Wisconsin. Coming from a state where the smallest country bank was subject to government

supervision, he apparently assumed that a New York banking house having a thousand times the power of a country bank to affect the investments and savings of the people was also regulated.

Mr. Grady: Is your concern, Kuhn, Loeb & Company, a banking corporation organized under the banking laws of the state of New York?

Mr. Hanauer: No, sir, it is a private banking firm.

.....

Mr. Grady: Is it regulated by the banking laws, or is there a special law in this state regulating private co-partnership banking associations?

Mr. Hanauer: It is not regulated under any law.

Control of the St. Paul reorganization was thus centered in men habituated to assume the direction and reorganization of the public's money interests, chary of permitting public regulation of themselves and their activities, and practiced in the arts of privacy. The traditions and attitudes to which they were accustomed throw some light on the bankers' manner of dealing with the courts, the Commission, and the St. Paul security-holders. Between themselves and the government tribunals, between themselves and the security-holders, the bankers almost invariably introduced a corporation, a committee, somebody else's lawyer, somebody else's engineer, somebody else, for a veil, or a shield, or a sword.