

Chapter 6

Who Really Got the American Taxpayer's \$40,000,000

Assembling of evidence for *The World's* defense was impeded at every turn by government and Cromwell operatives. Galley proofs of articles on the Panama affair were spirited out of *The World's* composing room as quickly as duplicate sets reached editors' desks. Editors and reporters assigned to the Panama investigation were followed, their telephones tapped, their telegrams and mail intercepted.

Contrary to President Theodore Roosevelt's assertion that there was no syndicate speculating in securities of the French canal company, *The World* dug up the record of three financial groups in the United States that had functioned at various times since the beginning of the De Lesseps enterprise. This research continued long after the first Roosevelt outburst in 1908.

Unexpected by *World* editors were two breath-taking windfalls. The first came in a typewritten memorandum from John Craig Hammond, an experienced magazine and newspaper writer familiar to Wall Street and Park Row of

that day. He was best known for having been press representative of the New York Central Railroad and for his contacts with Senator Chauncey M. Depew and E. H. Harriman. Hammond had been told some but apparently not all details of the widely-rumored syndicate operations and said he believed he could get documentary evidence.

Hammond told Don C. Seitz, business manager of *The World*, and me on December 26, 1908 that he was working on another financial scandal story for a magazine when promised that if he would drop that investigation he would be given a much bigger story — the inside of the Panama syndicate operations. He told us that he had so far only a promise of the original syndicate agreement and a record of the distribution of syndicate profits. This would not be made available, Hammond said, until March 5, 1909 and then only if release to *The World* were approved by one member of the group whose identity he was pledged to protect from publicity. The Hammond documents were in Safe No. 1453 of the Nassau Bank on March 2 and from there Hammond had them delivered to *The World*, subject to that one reservation.

Hammond's confidential reports to us of conferences with principals in Washington disclosed that Senator Depew was the one whose identity was to be shielded, and that the motive of Depew and Harriman, at first vindictively anti-Roosevelt, had changed when Roosevelt's term in the White House ended on March 4, 1909. Hammond told us that the urge to suppress the documents was so great that he was allowed to leave a conference in Washington only after he told his politically and financially important friends that the syndicate agreement and the bank record had been destroyed.

But the defense of the Roosevelt-instituted libel suits had to go on. So the Hammond documents were submitted to handwriting experts, who pronounced evidently genuine the signatures on the syndicate agreement and the witnessing by "WNC" as that of the easily identifiable script

of William Nelson Cromwell. Identification of the handwriting in the bank book and verification of the various amounts noted on its 16 pages could not be established. Secrecy had been clamped on every crevice. Did any of them "get the money" — and how much?

The World's attorneys early decided that if the principal

was not presented to the House Committee on Foreign Affairs for its 1912 report on "The Story of Panama," was kept in fireproof warehouse vaults under joint control of Lyman and Harding until Mr. Lyman answered his final call in 1937. Then I took over, and shall preserve the Panama papers until eventually they shall go to one of the libraries that have shown a special interest in Latin American history.

Following is the complete text of what appears to have been the original signed syndicate agreement:

MEMORANDUM OF AGREEMENT.

W H E R E A S, J. P. Morgan & Co., J. Edward Simmons, James Stillman, Isaac Seligman, Douglas Robinson, Henry W. Taft, H. H. Rogers, J. R. Delamar, and others desire to purchase certain shares of the capital stock of the Compagnie Nouvelle Du Canal de Panama Company, at such terms, and upon such conditions as may be named by a committee of three persons to be selected from the parties to this agreement:

N O W, T H E R E F O R E, we, the undersigned, for ourselves, our administrators and assigns, in consideration of the mutuality hereof, have agreed to and with each other as follows:

FIRST: To purchase as many shares of the capital stock of the Compagnie Nouvelle Du Canal de Panama Company as possible, at a price not exceeding twenty per cent (20%) per share, per par value of One Hundred Dollars (\$100).

SECOND: When so acquired, to place the whole of said shares of stock in the hands of the committee herein before referred to.

THIRD: Said stock is to be held by said committee for the benefit of the parties to this agreement, and to be disposed of at a price not less than Fifty-five (55%) per share on a basis of One Hundred Dollars (\$100) par value.

The proceeds of the sale of the stock, after deducting all and any expenses in acquiring and in making the sale thereof, are to be divided pro rata among the parties to this

agreement, and according to the respective amount subscribed and paid in by them for the purchase of the aforementioned stock.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this Twenty-Fifth day of May, Nineteen hundred (May 25, 1900)

In the presence of:

WNC	J. P. Morgan & Co.	(seal)
WNC	James Stillman	(seal)
WNC	I. Seligman	(seal)
WNC	J. Edward Simmons	(seal)
WNC	J. R. Delamar	(seal)
WNC	Vernon H. Brown	(seal)
WNC	Geo J. Gould	(seal)
WNC	Chauncey M. Depew	(seal)
MNH	E. C. Converse	(seal)
EJH	Clarence H. Mackay	(seal)
EJH	Douglas Robinson	(seal)
WNC	H. H. Rogers	(seal)
WNC	Winslow Lanier & Co.	(seal)
WNC	Henry W. Taft	(seal)
WNC	Charles R. Flint	(seal)
WNC	Edward J. Hill	(seal)

June 6th, 1901

The other document delivered to *The World* by Hammond was a red Morocco leather-bound book 9-1/2 x 7-1/2 inches bearing on the cover in gold letters the then-well-known name WINDSOR TRUST CO. Stamped inside, by what apparently was a rubber stamp not identical with ones in use in the bank at that time, was BANKER'S TRUST COMPANY. E. C. Converse, who later became head of the Bankers Trust Company, came up through the National Tube Company, one of the reorganizations put together by Cromwell.

At the top of each of sixteen pages of the bank book, all written in the same bold hand, were the names, and one or more notations of amounts in dollars and under some names

notations in parenthesis. Ten of these names were among the signers of the syndicate agreement. Six were new. The listing read:

J. P. Morgan & Co.	\$ 433,333
J. E. Simmons	~ 800,000~
Winslow Lanier & Co.	1,333,333
George J. Gould (E.H.H. T)	~ 950,000
J. R. Delmar (mis-spelled)	1,333,333
Chauncey M. Depew	~ 385,000
Clarence Mackay (see NPC)	~ 750,000
Douglas Robinson (legal See C)	~ 200,000~
Isaac Seligman (Morton T Co see C)	1,333,333
Henry W. Taft	~ 190,000

The new names not on the "Memorandum of Agreement" were:

G. W. Young	~ 225,000
F. L. Jeffries (Amador)	190,000
Nelson P. Cromwell	~ 1,333,333
J. R. Hill	170,000
*G. W. Perkins	~ 233,000
H. J. Satterlee	200,000

*This entry was crossed out.

The only Jeffries associated with Dr. Amador in the Panama "revolution" was the American adventurer, General Herbert Ottley Jeffries, who told me in Panama and in New York that he was promised but never got anything for his part in the independence beyond his vast land grant in the Bayano River valley — where I found him in 1909. He showed me his orders from the then President Obaldia to remain away until *The World* had finished taking testimony in Panama.

"Nelson P. Cromwell" appeared in some press reports of Cromwell's "Americanization" scheme in 1899. When Senator Morgan asked him to identify "Nelson P.", Cromwell refused to answer.

The Hill who went to Panama in 1909 to watch the taking of testimony in advance of trial of the Roosevelt charges

was Cromwell's partner Edward Bruce Hill. The "J. R. Hill" was not identified.

A memorandum written in *The World's* editorial rooms dated March 10, 1909 included the following:

"The original Cromwell syndicate as formed in 1898 was substantially changed before its reorganization in 1900 and there were further changes before the signing of the syndicate agreement which was dated June 6, 1901. At least one banker refused to continue because he said it would result in a scandal Other original syndicators quietly dropped out when Douglas Robinson, President Roosevelt's brother-in-law, and Henry W. Taft came in. They, too, feared the scandal The three original banking firms which formed the old American Financial Group which got millions of dollars of profits from the De Lesseps Company continued throughout and shared as well in the successive as well as in the final profits."

Had the Rooseveltian prosecution of publishers and editors gone to trial on questions of fact, there would have been ample proof of American speculation in securities of the French canal company. A photographic copy of ledger sheets obtained by agreement between *The World's* counsel and counsel for subpoenaed witnesses in anticipation of their examination in court shows plainly today the names of participants in some of that speculation. Under the heading "PANAMA OBLIGATION, POOL ACCOUNT" were purchases and sales dated from January 1902 to February 13, 1906. (Liquidation of the French accounts was not completed until June 1908.)

Various members of the New York banking house of Kuhn, Loeb & Co., including Jacob H. Schiff and Otto H. Kahn, and members of the banking house of J. & W. Seligman & Co., including Isaac N. Seligman, were in the "Pool Account." Notable on one of the ledger sheets was this entry:

PAUL M. WARBURG

1903

May 20	To 1250 Panama Canal New Stock	\$25,966.64
	Cables	12.00

1904

Feb. 15	By 850 Panama Canal New Stock	\$18,748.78
Mch. 9	By 400 Panama Canal New Stock	8,854.97

Paul M. Warburg was the father of James P. Warburg, who began in September, 1956 campaigning for internationalization of the Panama Canal.

But this proof of the existence of speculation in French canal company securities was not available when *The World's* counsel decided to send rogatory commissions to Paris and to Panama to obtain testimony in advance of trial. This was a very costly operation because the Federal Government required the defendant newspaper to pay its own and the travel and living expenses of two Federal attorneys to Paris through hearings that extended from July 20 to July 30, 1909.

The Panama expedition, with expenses of one Federal attorney charged to *The World*, was more productive because, as one disgusted operative for the prosecution was heard to remark in Panama, "Cromwell's man here was an ass and left too much evidence uncovered." But in Paris the coverup was almost complete.

The prosecution charged in the indictments that \$40,000,000 had been paid through J. P. Morgan & Co. to the liquidators of the old and the new French canal companies. The indictments said that records of the liquidators were intact and "show the individual distribution to the individual claimants, the amounts, the dates and the residences of the persons to whom paid."

That looked easy. *The World* retained the ablest corporation lawyers in London and Paris to assist its counsel from New York. But the records of the liquidators had been sealed, and under French law must remain in the depository for ten or twenty years. Every effort to obtain access to

them was frustrated. Equally futile were later requests, during the Woodrow Wilson Administration, for canal company “archives” which Uncle Sam had purchased. Engineering records and blueprints were delivered, but never any record of the liquidation, no proof of payment of American taxpayers’ money to holders of the bonds of the old or stock of the new company, or the identity of those who had bought some of those securities in the open market before the payoff.

The World’s British counsel, an eminent member of Parliament, reported after his search in Paris:

I have never known in my lengthy experience in company matters any public corporation, much less one of such vast importance, having so completely disappeared and removed all trace of its existence as the New Panama Canal Company. The American Ambassador in Paris was entitled to the archives of the company for his government, and those archives should include a list of the persons who received the purchase money paid by the United States.

Nevertheless the Paris hearings got into the record verification of the text of the Cromwell brief — *The World* called it “Cromwell’s confession” — of which one copy had grown up mysteriously over night on the desk of a Pulitzer editor. Part of my research was to prove the authenticity of that windfall document — some 65,000 words in French. Finally I found Maurice Leon, a French lawyer in Wall Street, who had made the translation for Cromwell from his original English. *The World* learned that only 25 copies of the French version had been printed, and that all but two had been destroyed after the French arbitrators in Paris on December 23, 1907 cut Cromwell’s bill for fees and disbursements from \$832,449.38 to \$228,282.71. But *The World* never established the identity nor the motive of the individual who delivered to it the one “lost” or next-to-last French copy of the telltale brief.

-Testimony before *The World’s* rogatory commission in

Paris also proved that shares of the New Panama Canal Company sold as low as 65 in the Paris market; that control had at one time been pooled by French bankers, and that whoever held title to them until the final liquidation in June, 1908 received 129.78 per cent of their original par value.

Maurice Hutin, former president of the French company, answering a question of counsel as to whether there had been speculation in the stock, replied: "I have no doubt there were people on the Stock Exchange intelligent enough to have made such a fruitful transaction."

United States District Attorney Henry A. Wise of New York and Special Assistant Attorney General Stuart McNamara hammered hard in the Paris hearing to clear the names of Douglas Robinson and others whose names had been in the stories of alleged syndicate speculation. Nevertheless cross examination by *The World's* counsel established Douglas Robinson's association with some of the syndicate promoters, and subsequent proceedings revealed much more.

When the libel prosecution came to a hearing in the United States Circuit Court in New York City January 24, 1910 it was disclosed that President Theodore Roosevelt's brother-in-law, Douglas Robinson, was interested in the real estate business. This was established when Judge Charles M. Hough excused Edward J. Roberts, a real estate appraiser for the McVickar Realty Company, after Roberts testified: "I think I ought to explain that we have had business relations with Douglas Robinson, with Mr. Cromwell and with Charles Brown, and have handled Panama funds and expect to handle more. We have placed a lot of Panama bonds."

The "Panama funds" were part of the \$10,000,000 paid to the Republic of Panama by the United States. Cromwell was already Panama's fiscal agent and controlled the investment of \$6,000,000 of that fund in mortgages on New York City real estate. Douglas Robinson's real estate firm

passed on the applications of borrowers and the valuation of their properties.

While John D. Lindsay of *The World's* counsel was preparing for the Paris expedition I was asked to provide Thomas S. Fuller, another of *The World's* counsel, with ammunition for examination of witnesses in Panama. Fuller proceeded on the assumption that the Panama conspirators, put under oath, would tell the whole truth about the "revolution."

Early in 1909 *The World* had dispatched two trusted men, Gus C. Roeder of the New York staff and Harry L. Dunlap of its Washington bureau, to dig in Panama. Roeder saw Dr. Amador in February, but found him ill and weak. Roeder's draft of what Amador told him was read by Ricardo Arias, who wrote that when he was "more at ease" the first President of Panama intended to "narrate all those events with perfect exactness" and would deliver his memoirs to his friends. It was apparent in February that Amador was nearing the end, which came on May 2, 1909.

Roeder's only important discovery was the progress of a plan for a \$400,000,000 timberland concession in which Cromwell's press agents, Farnham and Whitley, were the fronts. In Panama it was suspected that Cromwell was the principal because Farnham was known in Panama as "Cromwell's man." Farnham had engineered the concession almost through the Panama legislature before public denunciation of the project as a "steal" caused it to be quietly put asleep.

Some factions in Panama were already critical of Cromwell's handling of the loan fund. In November, 1910 six of the twenty-eight members of the Panama Assembly demanded that Cromwell be bonded, but the Assembly refused to turn against the Republic's benefactor. Instead, it adopted unanimously a resolution raising to the rank of *Hero of the Republic* Cromwell's recently-deceased adjutant, Colonel James R. Shaler, Superintendent of the Panama Railroad at the time of the "revolution."

Part of my research in New York had been directed into the background of the Amador family. Dr. Amador's son, Raoul A. Amador, had been Panama's first Consul General in New York, from 1903 to 1907. He had been educated in Columbia University School of Medicine in New York and had served with distinction as an assistant surgeon in the United States Army, first in Cuba, and then at Fort Revere, Massachusetts. Why had he been replaced as Consul General?

Newspaper "morgues" bulged with clippings about Don Raoul's love life with Mrs. Bertha Kennard Gresham. The *New York Journal* had described her as a social favorite in Washington than whom "no prettier woman ever graced a state function." She was the daughter of William Edward Kennard of Washington. Her first husband, Rear Admiral Frisbee, and her second, Navy Lieutenant William Gresham, had died before she was 30. A social junket to Panama brought her at the age of 32 into the embrace of the equally attractive and dashing young Dr. Amador.

Soon after Bertha Gresham's return from the tropics she and the Consul General were known at 306 West 87th Street in New York City as "Mr. and Mrs. R. A. d'Armand." The official residence of Dr. R. A. Amador and his American-born wife, Jenny Smith Amador, and their two young children was 216 West 112th Street, a house which young Dr. Amador acquired from Selma E. Sack on October 13, 1902. The 112th Street house was deeded by Raoul and Jenny Amador in May and July, 1906 to Luke H. Cutter, a clerk in Cromwell's office, and later deeded by Cutter to Manuel A. Guerrero.

By October, 1906 Don Raoul's ardor for the attractive widow had cooled. She upbraided him as he drove by on Riverside Drive where she was walking. The press reported that Consul General Amador pointed his buggy-whip so menacingly that on October 2, 1906 Bertha Gresham had him arrested and filed suit for \$100,000, charging that

young Dr. Amador was the father of her girl baby. The case was settled out of court.

"There was a romance, of course," said Consul General Amador in an interview which *The World* published on October 5, 1906. "I'm not given to denying palpable facts, especially when a lady sees fit to make them public. But it was not the case of a man of the world wronging an ingenue. Mrs. Gresham has been twice widowed. I think it was a situation in which both understood ourselves thoroughly. I was married and she knew it. The day arrived when I said adieu She tried coercion. I told her to go as far as she liked."

More investigation convinced me that old Dr. Amador dearly loved his son Raoul—much more than he loved Raoul's half-brother Manuel, who had succeeded Raoul as Consul General. It became evident that Raoul, or his mother, Maria de la Ossa de Amador, would have whatever confidential papers the first President of Panama had not destroyed. With the cabled news that old Dr. Amador had died on May 2, 1909, Don Raoul became, to my mind, the most valuable witness in Panama. I had heard the Spanish adage, *el papel se rompe el*—let the paper destroy itself—but its full significance was not impressed upon me until later, in Panama.

I went to the Panama liner on which our rogatory commission was embarking June 3, 1909 and handed to Fuller a memorandum on the background of possible witnesses that could, if they would, tell the whole truth about the Panama "revolution." I stressed the importance of Raoul Amador. Fuller seemed not impressed. But the presence aboard of Cromwell's law partner, Edward B. Hill, accompanying Assistant United States District Attorney James R. Knapp, was to me sufficient warning. Every bit of telltale evidence in Panama would be bottled up.

It was three in the afternoon. I hurried back to *The World*, told my misgivings to Don Seitz, and instantly got

his clearance to take the next train for New Orleans, leaving New York at 4:30 P. M. A United Fruitier from that port would land me in Panama a day or two after our rogatory commission would arrive from New York. I arrived at the Hotel Tivoli, Canal Zone, at noon of June 11 and spent that evening in conference with Fuller.

One must follow, at least briefly, the sequence of developments from this point to see how nearly the story of Panama escaped being told.

Chapter 7

Amador's "Dear Little Son" Held History's Key

Taking of testimony by *The World's* rogatory commission in the court of Panamanian Judge Hector Valdez began June 11, 1909. I arrived, via New Orleans, at noon of that day and spent the evening in conference with Fuller. Before starting the hearings Fuller had talked with the surviving members of the Revolutionary Junta. Amador and Arango had died within a few days of each other. Only Federico Boyd, Ricardo Arias, Tomas Arias and Amador's brother-in-law, Manuel Espinosa B., were still available.

According to Boyd's sworn testimony on June 14, 1909 there were only "four principals" in the original junta of eight Panamanian patriots — "Amador, Arango, [Ricardo] Arias and myself. Those are the ones that got up all the work." Boyd swore that not more than 50 persons in Panama knew of the revolutionary plan until the day of the independence. That was how, as President Theodore Roosevelt assured a news-hungry world, the people of Panama rose literally as one man!

Fuller shocked me with his first statement that evening. He said the “founding fathers” had all told him substantially the same story. There had been no collusive understanding with the government in Washington. The Panama affair had been all that T. R. had assured Congress and the American people it had been — “as clean as a hound’s tooth.”

Then Fuller nearly bowled me over with this: “*The World* has been misled; we haven’t a leg to stand on.”

“What about young Amador?” I asked.

Without a trace of disbelief in his voice Fuller replied: “They all tell me his father called young Amador *loco* and didn’t trust him with anything. The bad publicity about him in New York would discredit our case if we used him as a witness. We must have nothing to do with him.”

The taking of testimony before Judge Hector Valdez continued from June 11 to June 19. The court permitted witnesses, under Panamanian procedure, to amend their testimony before completing the record. We learned later that if the record of the rogatory hearings in Panama, with its astounding documents, had been presented in New York it was to be thrown out under a technicality of Panamanian law, and that Boyd and Arias would be there to testify in person.

Throughout the rogatory hearings Cromwell’s partner, Edward B. Hill, sat at the elbow of United States Attorney Knapp. The pressure on witnesses was obvious. Knapp sprinkled the record with objections to Fuller’s questions. Only over objections was *The World’s* associate counsel, Dr. Oscar Teran, a Panamanian still loyal to his mother country Colombia, permitted to be present when files of the Central and South American Telegraph Company were searched for copies of messages from Cromwell, Amador, Bunau-Varilla and others deep in the “revolution.” The 372 pages of testimony taken in the rogatory hearings in Panama — which I have just re-read — were filled with legal sparring before it was put in the record that all of the telltale

cable messages had been conveniently — of course inadvertently — destroyed!

Ricardo and Tomas Arias, Manuel Espinosa B. and Federico Boyd told mixed and conflicting stories about the planning, the financing and execution of the "revolution." Fortunately we had the text of Arango's unexpurgated "*Data for a History of the Independence*" and the New York hotel and steamship records of Amador's and Boyd's movements when Amador and Boyd waited over in New York, November 17-18, 1903, to keep the appointment that Cromwell's brief said had been arranged at their request. Boyd swore that he and Amador didn't see Cromwell until later in Washington. Confronted by the records, Boyd said the hotel and steamship records must have been incorrect.

The Ariases and Espinosa and Jose Augustin Arango Jr., who was called to testify for his deceased father, added only confusion to the story. They wouldn't admit knowledge of Arango's having — as he wrote in his history — sought out Captain James R. Beers and sent him on the "delecate mission" to enlist Cromwell's advice and help. They swore that no financing was arranged before the "revolution" but no two stories agreed as to what part was played by Bunau-Varilla, J. P. Morgan & Co. and the Bowling Green Trust Company and various Panamanians in providing funds. Boyd said that he and President Amador signed for a \$100,000 loan at the Bowling Green Trust Company on November 25, 1903 but that he knew nothing of Cromwell's having deposited \$90,000 of Union Pacific and \$10,000 of Baltimore & Ohio bonds to guarantee that loan.

While this record, largely confirming Fuller's earlier fears that defeat was in store for us, was being built up in court, between June 11 and June 15, I was quietly cultivating Raoul Amador. There was no time to consult *World* headquarters even if cables had been safe. I had to act on my own responsibility in disobeying our attorney's orders to have nothing to do with young Amador.

Don Raoul was friendly, and several times he said he

would let me see his father's *archivos*, but each day he had some excuse. I had not yet discovered the key to his mind.

On the day Fuller discovered in court that the all-important cable evidence had been destroyed, I was waiting in the cafe of the Hotel Central for Don Raoul. He was coming this time, he assured me, so that I might have "at least the satisfaction of being able to say I had seen the Amador archives."

Waiting an hour past our appointment became unbearable. I started for the Amador country home, met Don Raoul en route, dismissed my *cochero* and came back to the Central in the Amador family carriage. Meanwhile I had learned much about Panamanian political antipathies. Jealousies, bitterness and distrust were a common heritage of the "revolution." Who had double-crossed whom? Who got how much out of it? What became of the first million of the \$10,000,000 from the United States? Nobody could, or would, tell.

I reminded Don Raoul that this was nearly our last day; Federal Attorney Knapp, in his role of prosecutor, was about to take over the hearings before Judge Hector Valdez. Must our rogatory commission be denied the right to see what Don Raoul's father had left for history?

Apologetically Don Raoul exclaimed to me, "I'm so sorry! I forgot! I left the key to our town house in the country!"

I had been forced to plan the next step. With indignation in my voice I said: "Don Raoul, I'm sorry, too — for I'm forced to the conclusion that you've been filling me with plain North American bull!" (He used *yanqui* slang like a North American.) Naming one of the Junta with whom I had learned that young Amador was not on friendly terms, I said: "Don So-and-So ought to know — and he's authority for the statement that your father thought you were *loco*, never had any confidence in you, and never trusted you with anything!"

Don Raoul hit the ceiling with Spanish expletives. "You come over to my house! I'll show you whether my father had confidence in me!"

"How'll you get in without a key?"

"Come with me, I'll show you!"

A walk around the corner brought us to the Amador town home, and a thrust of Don Raoul's shoulder pushed the tropically light wooden door past its lock. Reaching up for a hidden key, he unlocked a battered old steamer trunk and from its lower right-hand corner pulled a packet of letters tied in red ribbon. He untied; I watched.

"So they say my father didn't trust me! Read this letter!"

Addressed to "Dear Little Son," the letter, perfectly preserved, was in old Dr. Amador's careful script. Don Raoul told me that his father wrote the letter in New York two days before he sailed for Panama to carry out the agreed plans for the "revolution," and that he, Don Raoul, received it in the mail at Fort Revere, Massachusetts.

The "Dear Little Son" letter contradicted the stories which the "founding fathers" had been telling before our rogatory commission. It showed that the United States Government would prevent Colombia from landing troops to put down a revolt. Only the Canal Zone would be declared independent and brought under the immediate protection of the United States. The other districts of the Isthmus would be brought in later — as they were — and "these also will be under the protection of the United States." A Minister would be on hand — as Bunau-Varilla was, in Washington — "to take up the treaty. In 30 days everything will be concluded." Financing of the "revolution," Dr. Amador assured his son, "already has been arranged with a bank."

As Don Raoul finished reading the letter, translating his father's Spanish into fluent English, he turned to me:

"Isn't that just what your newspaper has been trying to prove?"

It was. Would he let me place the letter in the court record? Without hesitation he said yes.

By this time we knew how evidence could disappear. Taking no chances, I had the precious letter photographed that afternoon, dispatched plates and prints of it by the last train to Colon for mail to New York, and then showed the

original to Fuller. His objection to using Don Raoul as a witness was partially withdrawn, but he still would try to avoid any extensive cross-examination. United States Attorney Knapp didn't ask Don Raoul a single question.

Some alert historians — not Panamanians — picked up the “Dear Little Son” letter after it was read into the record of the Congressional investigation under the Rainey resolution on February 13, 1912. But the story of how it escaped destruction along with other records of the “revolution” is printed here for the first time.

Another memento of historic value given to me by Don Raoul was his carefully-preserved souvenir program of the luncheon he gave in the Waldorf-Astoria February 20, 1904 — the day his father was inaugurated in Panama as the First President of the Republic. This limited social function was tendered to those men in New York who had done most to help the independence and to whom President Amador and his son wished to show appreciation. Under the photograph of President Amador — the best picture of him I have ever seen — was printed the guest list, so arranged, out of alphabetical order, that their relative importance seems obvious.

William Nelson Cromwell

Geo. H. Sullivan

E. B. Hill

William J. Curtis

R. L. Farnham

E. A. Drake

Charles Paine

R. L. Walker

S. Deming

Mr. M. J. Echeverria

After Cromwell were listed his three senior partners and his press agent; then Drake, Paine, Walker and Deming, all Panama Railroad men. The only Panamanian guest, Dr. Echeverria, was a physician living in New York. Before this souvenir was introduced in the rogatory commission's hear-

ings the patriots had testified that the "revolution" received no assistance from Panama Railroad officials or employees — the assistance that made possible their Republic!

Besides the luncheon record of Panama's obligation to Cromwell and his partners and to Panama Railroad men, Don Raoul gave me another item, a manuscript. A photographic copy is in front of me. The original text covered fourteen note-paper-size sheets, all in old Dr. Amador's clear Spanish script. He had crossed out some whole paragraphs, interlined others and corrected words and phrases — all in his unmistakable hand. Fuller had Don Raoul identify both the letter and the manuscript. Photographic copies of both documents were made part of the rogatory commission's record.

But the manuscript told only such parts of the story of the "revolution" as old Dr. Amador wished posterity to know. His mental reservations — details which he knew and carried to his grave — are for another chapter.

Chapter 8

Panamanians Learn Early the Art of Political Blackmail

Dr. Amador's mental reservations when he wrote out in longhand his history of the "revolution" were best known, and perhaps known *only*, to these three:

Maria de la Ossa de Amador, devoted and resolute wife of Panama's first President; their son, Don Raoul A. Amador, and Dona Maria's brother, Francisco de la Ossa, for many years Alcalde (Mayor) of the City of Panama.

During the month that I stayed on in Panama after *The World's* rogatory commission closed its obstructed hearings in June, 1909, facts which eluded the lawyers' search, secret codes and hidden messages, came to me from unexpected sources. Many doors were opened by Henry N. Hall, then editor of the English section of the daily newspaper owned by men in the Panama Government. Hall later joined *The World's* staff and in February, 1912, presented

much, but by no means all, of the untold story of Panama to the House Committee on Foreign Affairs in Washington.

More immediately helpful was Dr. Oscar Teran, associate counsel for *The World* in Panama, able lawyer, formerly a member of the Colombian Congress and loyal to his mother country. Dr. Teran knew the procedures under Panamanian law to obtain for me access to government accounts.

Most helpful of all was Don Raoul Amador, who introduced me to his mother's brother. My day-to-day notes, which I preserved, recorded eight luncheon, dinner and other meetings I had with Don Raoul or with Don Francisco de la Ossa or both, between June 27 and July 15, 1909. This friendly contact was renewed when I returned to Panama to gather still more facts in 1910, and was continued in correspondence after Don Raoul withdrew from the turmoil of Panamanian politics in the spring of 1911 before he settled down in Paris, where he and his mother made their home for many years.

My memoranda fix a luncheon date with Senor de la Ossa at the Canal Zone's Hotel Tivoli as June 28, 1909, when he told me:

Panamanians are afraid to tell the truth that the revolution was hatched in New York. About eight days before the revolution my sister made me swear on the photograph of our deceased mother that I would not tell anyone what I had heard, and that as Alcalde of what was then a Colombian city I would take no action against my friends.

Don Francisco was true to his family ties. We had lunch again on July 4, saw each other briefly in the Hotel Central on the 9th, and in a conversation lasting from 2:30 to 4 P. M. on July 10 he told me in some detail the extent of the Amador estate, which included small holdings of Panama real estate. I saw Don Francisco again on July 13, at 3:30 P. M., when he told me that the surviving members of the Revolutionary Junta were bullying his sister, demanding that she tell nothing to *The World* man because they were afraid, if

she told all she knew, she would make them out liars. They said she was "only a woman, and knew nothing about the revolution."

Don Francisco told me he resented their aspersions, because "everybody, including Herbert Prescott, knows that Dona Maria had more nerve than all the men and did more than anyone else to keep the conspiracy from falling through."

Prescott, whom I came to know very well after he testified before our rogatory commission on June 15, 1909, confirmed to me the de la Ossa estimate of Dona Maria's part in saving the "revolution" from disaster. On my return to Panama in 1910 to gather up evidence which had evaded our rogatory commission's search, Prescott permitted me to copy from his file of revolutionary treasures the grandiose cable from Cromwell about presenting the first flag of Panama to President Theodore Roosevelt. From Prescott's files I was permitted to find leads to other undestroyed documents; also to take photographic copy of a three-page letter Cromwell wrote in his own hand to Prescott on March 14, 1905, telling Prescott to work with John F. Wallace, who was chief engineer of Panama Canal construction from 1904 until June 28, 1905.

Maria de la Ossa de Amador's commanding influence in saving the "revolution" became a legend in Latin America. It was so widely known that in 1926 a responsible businessman, one of the hosts of a social gathering in Havana, Cuba, said to my wife when she happened to mention Panama: "Of course you know Amador's wife ordered the old man to get out of his hammock and go back to the barracks and see the revolution through."

The prevalent story in Panama was that Dr. Amador was terrified and went home to his wife after the one Colombian gunboat in Panama harbor, whose captain hadn't been bribed, fired into the city the shells that inflicted the only casualties of the War of Independence — one Chinese and one donkey.

Naturally the "founding fathers" were disturbed when Dr. Amador's letter to his "Dear Little Son" Raoul was read into the rogatory commission's record. Privately, the patriots upbraided Don Raoul for having told some of their secrets. They proceeded to make his political life in Panama miserable until he took himself away in 1911 to Kingston, Jamaica, and to Paris where he died March 23, 1934. Publicly, to explain their own contradictory testimony, the patriots declared that old Dr. Amador never told them the whole truth. Nor did he. Here is his son's explanation, as told to me by Don Raoul himself and written down by me at the time:

My father told me before his death that Panama will some day need the friendship of the American government, and that for this reason he would never tell all he knew about the revolution. Father put it this way: "If the American Government finds out that we do not keep our political secrets, it will no longer trust us."

Countless discrepancies between fact and fiction in Panamanian history and proofs of the patriots' frantic efforts to cover up evidence kept coming to the surface. Here are a few examples:

When it became known in July, 1909, that I was going to Bogota to check up on the patriots' testimony, Federico Boyd's brother, Samuel Boyd, approached Edwin Warren Guyol, a New Orleans-born roving magazine writer whose knowledge of Isthmian affairs had been useful to me. Would Guyol report confidentially to Boyd on Harding's activities? With my approval, Guyol conferred at length with Sam Boyd and they signed up an agreement on July 15.

Sam Boyd then prepared a private cable code covering more than 100 names and possible developments. Guyol was to impede my contacts with Bogota officials and co-operate with a French wine salesman, the Marquis Alexander de Ste. Croix, who was going to Bogota ahead of me. Ste. Croix's closeness to United States Attorney Knapp and Cromwell's partner Hill during the rogatory commission's

sessions in Panama justified the suspicion that wine salesmanship was a cover for secret service work. Ste. Croix spent most of his time in Bogota in the American Legation. He was very busy in Bogota advising Colombian government officials to tell nothing to Harding. Nevertheless, they gave me certified copies of all cables between Bogota and Washington which later enabled *The World* to show that many had been withheld when President Roosevelt told Congress he had transmitted *all* of the official correspondence on the Panama controversy.

Sam Boyd was an early Director of Posts and Telegraphs of the Republic of Panama and in 1909 was the *New York Herald's* correspondent there. Boyd was to pay Guyol's tolls and out-of-pocket expenses in relaying information. Boyd, over his own signature, wrote:

"It is further understood that I will personally undertake to arrange with the gentlemen in New York and Panama who are interested in obtaining the information in question, for proper compensation, and that whatever amount they appropriate for the service shall be equally divided between you [Guyol] and myself."

The patriots testified that the Bogota government left its garrison in Panama unpaid for so long that it was easy to bribe General Esteban Huertas and his officers. I found this was untrue, for in Bogota I obtained certified copies of Treasury accounts showing that drafts covering troop payrolls for Panama had been forwarded every month and received by the commandant in Panama.

When we wanted General Huertas's testimony before the rogatory commission we found that he had been ordered away "somewhere in the interior." The same with General Herbert Ottley Jeffries, American adventurer, whom I found on his 200,000-acre timberland concession up the Bayano River. The land grant was part of Jeffries' reward for his scheduled part as "admiral" of whatever Colombian guncraft the Junta might capture.

Another much-wanted witness was Dr. Eusebio A. Mo-

rales, then Minister of Public Instruction. President Obaldia had instructed him to extend his inspection of rural schools. I waited in Panama until he returned.

Dr. Oscar Teran drafted my questions to Dr. Morales in such form that a Cabinet Minister, although he could not be subpoenaed under Panamanian law, must answer. Dr. Morales' written replies, dated June 29, 1909, were courteous and explicit; his oral amplifications still more illuminating.

President Theodore Roosevelt's campaign for re-election was at its height in September, 1904, when Dr. Morales began giving to United States newspapers statements critical of the American government's interpretation of the Hay-Bunau-Varilla Treaty of 1903. Controversies involved tariff rates and jurisdiction over the ports of Panama and Colon.

We knew that Dr. Morales had written an article for the *North American Review*, "The Panama Canal Treaty, Its History and Interpretation." Why had he withdrawn it?

Dr. Morales replied that "some distinguished persons were at my hotel to beg of me not to publish the article, thinking doubtless that it might contain revelations against President Roosevelt's connection with the independence of Panama."

(This was seven years and five months before T. R. boasted that he "took the Isthmus and left Congress to debate.")

The "distinguished persons," Dr. Morales later told me orally, were two men speaking for the Treasurer of the Republican National Committee. They expressed to him fear that the Panama story, if told then, might cause T. R. to lose the election, so they offered to reimburse Dr. Morales for whatever the *North American Review* would pay for his article if he would withdraw it. He told me he would not accept their offered compensation, but did write to the editor to kill his article the day after President Roosevelt "addressed to Secretary Taft the celebrated letter in which he gave the latter instructions to come to Panama and ef-

fect a settlement of the pending questions.”

“Happily for Panama President Roosevelt convinced himself of the justice of our claims” so “the publication [of his article] no longer had any object.” This is from Dr. Morales’ written reply to me.

Following T.R.’s triumphant re-election, Secretary of War William Howard Taft (four years later to be President), accompanied by Panama’s fiscal agent and general counsel, William Nelson Cromwell, went to Panama. They were photographed arm-in-arm. Secretary Taft gave the Panamanian politicians what they wanted. Both he and Cromwell spoke at a grand banquet in the Hotel Central, December 1, 1904, and Cromwell on December 29 was made an *hijo benemerito* (meritorious son) of the Republic.

Thus, very early in their experience, Panamanian politicians learned how and when to apply pressure. The “founding fathers” taught their sons, who, through the years, have become adept in the practice of getting what they want from Uncle Sam.

Chapter 9

Amador Got His Assurance Direct From T. R.

My second fact-hunting expedition in 1910 was more productive than our rogatory commission's hearings in 1909 partly because factional political turmoil was boiling up in Panama's presidential campaign. Ernesto LeFevre was upbraiding Don Raoul Amador for having given me in 1909 the "Dear Little Son" letter and the script that old Dr. Amador had written and edited carefully to leave still untold much of the real story of Panama. Such internal bickering opened unexpected doors.

One of the several windfalls was the changed attitude of Don Tomas Arias. He permitted me to copy from his record book the full text of the private codes used by old Dr. Amador and Arango, Joshua Lindo and Bunau-Varilla. The long-

hidden codes and Arango's letter to Dr. Amador in New York —which Amador was asked to destroy but didn't— tore apart the veil of deceit that had shrouded the "revolution."

Another windfall was the friendly attitude of *The Panama Journal*, a Government organ. On its front page, March 22, 1910, under a two-column heading, "Personal Mention of People," *The Journal* said:

Mr. Earl Harding, one of the many capable newspaper men connected with the great *New York World*, and who has been in Panama for several weeks seeking information for that paper in the matter of the libel suit brought by the United States against the proprietor, will leave on the Royal Mail for New York, having secured the information he sought.

During Mr. Harding's visit on the Isthmus he has made many friends by his genial, affable and obliging manners, all of whom will wish him success wherever his duties may call him, and assure him of a hearty welcome whenever he chooses to make Panama another visit.

Don Raoul Amador was being falsely accused of having given me the telltale Arango letter. It came from an entirely different source. I still have the photographic copy of Arango's Spanish script. It gives the positive lie to the patriots' story that old Dr. Amador cabled "Disappointed" after Cromwell turned him down, and then cabled "Hopes" after Bunau-Varilla assured him of military and financial support for the "revolution." The Arango letter, clearly dated September 14, 1903, shows that both of these messages were sent before Dr. Amador ever met Bunau-Varilla, who did not arrive in New York until September 22, 1903.

On my 1910 sojourn in Panama Don Raoul Amador and I became so well acquainted that he finally told me he would like to be appointed *The World's* official correspondent — not for the modest compensation, which he said he did not need, but because all other news channels on the Isthmus were controlled by politicians then in power. Sam Boyd was

correspondent of the *New York Herald* and Ernesto Lefevre covered the *Associated Press*.

Don Raoul cabled some news, and wrote me in personal letters in April, June and July, 1910, more complete reports of the political turmoil. Then I heard no more except in brief news cables, until he wrote me from Kingston, Jamaica, April 30, 1911. In part he said:

I am glad I am out of it I have been doing nothing but taking care of my animals, my four dogs and my horse, which I brought with me, and that keeps me busy My mother is in Europe and will not return until October, so I guess I am a fixture here till then. Do drop me a line. With best regards, believe me as ever,
Sincerely yours,

R.A.A.

When I last saw Don Raoul in Panama in March, 1910, I told him we expected the criminal libel prosecution would come to trial in New York, and in that event we would need his testimony. He told me he would, if subpoenaed, tell the truth as his father had confided it to him before his death—

That Dr. Amador would take no one's word, neither Cromwell's nor Bunau-Varilla's, but went himself to Washington:

That Dr. Amador arrived in Washington late in the evening, went to the White House, talked late with President Theodore Roosevelt, and returned to New York on an early morning train to avoid being seen in any hotel.

(This was the coverup technique Farnham had used to conceal J. Gabriel Duque's visit to the capital in 1903.)

Senator Morgan of Alabama heard when he started his investigation of the "revolution" that Dr. Amador had paid a night visit to the White House, but had never been able to verify that information.

Still further, Don Raoul said to me:

Father told me he did not dare risk his life and the

lives of our people on any second-hand promises. Roosevelt put Father into a cab at the White House, placed his hand on Father's shoulder, and said:

"Go ahead, Doctor; we'll see you through."

Naturally, *The World*, preparing for trial on questions of both law and fact, sought confirmation of the evidence we now felt certain Don Raoul Amador would repeat and perhaps amplify in court.

Don Raoul told me in 1909 that his father had confided his revolutionary plans to Robert B. Alling, a New York lawyer whose wife was a sister of Don Raoul's American wife, Jenny Smith Amador. Alling confirmed this in an interview with a *World* reporter in his law office, 1102 Singer Building, September 11, 1909. He said he told the Amadors not to take seriously any promises of help from Washington.

Still more direct information came from an unexpected source — Wall Street. S. S. Fontaine, financial editor of *The World*, sent to Don Seitz this memorandum:

"Dr. Philip Embury of 250 West 70th Street was a chum of the son of President Amador of Panama when he was a student at Columbia. Dr. Embury told a Wall Street friend of mine recently that young Amador said to him about two weeks before the Panama revolution:

"Look out for a shakeup in Panama in a few days. The Old Man has been down to see Roosevelt and Hay, and he's got the money and backing to pull the thing off."

Seitz sent a trusted reporter from whose memorandum, dated November 17, 1910, 8:30 P.M., I quote:

"Called by appointment on Dr. Philip Embury, 250 West 70th St., at five-thirty this afternoon, showed him statement from Mr. Fontaine and asked him to confirm it. After reading it through he made statements substantially in the following words:

"Yes, this is perfectly true. You see, I knew Raoul very well. What actually happened with Raoul was this:

"He came here one evening in October 1903 in a new

automobile. When I teased Raoul about not having been around before in his new car he said that he had been too busy going about with his father; that the 'old man' was here on important business connected with Panama; that *together* they had been to Washington; had seen and conferred with Roosevelt and John Hay, and after their return to New York his father sailed for Panama with all arrangements completed; that within three weeks we could expect to hear of a red hot revolution down in Panama, as we certainly did.

"Raoul walked up and down this office like a caged bear the whole time that he was talking . . . Did Raoul tell you about the way a man named Beers was sent up here, before old Amador came North, to arrange the preliminaries? The thing was cut and dried."

The reporter's memorandum added: "Dr. Embury is about 35 or 36 years old; evidently has money and a good practice; is very deliberate in manner; spoke without effort or hesitation; made flat statements, unqualified, excepting that he was not certain of the name of the banker mentioned by Raoul Amador."

Mrs. Bertha Gresham, Don Raoul's one-time enamorita told me on June 16, 1910, that while she and young Amador were living together in West 87th Street, New York, he told her repeatedly of his having been with his father in a midnight conference in the White House, and of President Theodore Roosevelt's having told Dr. Amador that the Panamanians could depend upon the United States to see them through.

It was generally known that Dr. Amador visited his son at Fort Revere, Massachusetts, but their later movements were kept a dark secret. Don Raoul told me he was so sure of the outcome that he tendered his resignation in advance as assistant surgeon in the United States Army and, without leave, came to New York to watch newspaper bulletin boards on November 3 for the news he knew was coming.

For more than 20 years Don Raoul and his mother made

their home in Paris until his death on March 23, 1934. Panamanian politicians who condemned him in 1909 for his truth-telling “indiscretion” before our rogatory commission came to appreciate his sparkling personality and his loyalty to his native country. He served Panama in Paris in various capacities, up to the rank of Minister to France. His second wife, the former Marthe Lenoir, and his mother, Maria de la Ossa de Amador, were with him in his brief final illness. After 1939 his mother made her last home with her daughter, Mrs. Elmira Ehrman, in Charlottesville, North Carolina, where she died on July 5, 1948, at the age of 93.