

# RAILROAD INVOLVED IN BRIBERY CHARGE

**Sues to Recover \$525,000—**

**Fetzer Declares Much of It  
Was Used for Corruption.**

**GRAND JURY WILL INQUIRE**

**Letter of A. W. Delano, Wabash President,  
Advising Chicago & Western  
Indiana to Get Legislation.**

CHICAGO, April 29.—Investigation of a bribery scandal involving the Chicago & Western Indiana Railroad, the Illinois Legislature of two years ago, the City Council of Chicago, and sums of money that may run anywhere from \$60,000 to treble that amount, was ordered by State's Attorney Wayman to-day. He directed the impaneling of a special Grand Jury to conduct the investigation.

Mr. Wayman's action is based on allegations made by John C. Fetzer, who was sued to-day by the Chicago & Western Indiana for the return of \$525,000, out of which Fetzer is alleged to have defrauded the company in real estate transactions. Fetzer in his turn asked for an injunction to enjoin the prosecution of this suit, alleging that part of the money which the road seeks to recover went to influence legislation at Springfield and Chicago.

About three years ago Fetzer, with Benjamin Thomas, then President of the Chicago & Western Indiana, and Charles R. Kappes, a real estate expert, set about to acquire a right of way into Chicago. The road alleges that Fetzer acted as its agent, while Fetzer declares that he was not an agent, but a speculator, who purchased land and sold it to the company, the company having the right to reject any parcel offered.

### **Fetzer Refuses to Pay.**

In February last charges were made that Fetzer, Thomas, and Kappes had defrauded the company out of \$850,000 in these deals. Suit was threatened by the road, but after conferences the whole matter under formal agreement of the parties concerned was referred to former Judge E. C. Field, whose decision as arbitrator was to be final. He recently made his award, holding that gross fraud had been perpetrated on the railroad company, and ordering the refunding of \$525,000.

Recently Thomas and Kappes returned to the coffers of the company \$76,000, stating that this sum exhausted their individual resources. Fetzer refused to abide by the award, and to-day's suit was brought against him, Thomas, and Kappes.

Fetzer's bill for an injunction included, as an exhibit, a letter from F. A. Delano, President of the Wabash Railroad and representative of that road on the Board of Directors of the Chicago & Western Indiana. This letter was dated March 1, 1907, addressed to "B. Thomas, President and General Manager C. & W. I. R. R.," and marked "confidential." It reads:

Dear Sir: I inclose a letter from C. N. Travous, which explains itself. This is written as a result of a conference which Mr. Travous had with Judge Henley at the time we sold our notes to the Boston parties. I believe we should, in a quiet way, get the legislation which Judge Henley and our counsel concluded is desirable. It is a bad thing to have something of this kind brought up by the bankers every time we have to do any negotiating for the sale of securities. It might give us very serious trouble. We had a case of this kind on the Burlington, where a rather unscrupulous lawyer got hold of a technicality of this kind, and gave us a great deal of trouble.

### **Delano Explains What Was Done.**

It was on this letter that the District Attorney acted. According to a statement dictated by Mr. Delano to-day, however, the meaning of his letter to Mr. Thomas would stand out as innocent had Mr. Fetzer appended the letter of Mr. Travous.

"Under the Illinois law, when the Western Indiana and two smaller roads were consolidated, some thirty years ago, the consolidation, according to the opinion of some lawyers, including Mr. Travous, contained a technical flaw," explained Mr. Delano. "Two roads might consolidate, but not three. Two roads might consolidate, and then take in a third, however. The Western Indiana was formed in the former manner, and, upon the occasion three years ago of the sale of \$8,000,000 of notes of the Western Indiana, Mr. Travous pointed out the flaw, or alleged flaw, in the consolidation. It was plain that if some unscrupulous lawyer discovered the situation, innocent in itself, he might make trouble, particularly for innocent bondholders. In all, the road had put out about \$46,000,000 in bonds, which might be invalidated.

"Hence we wished for the validation act, and we wanted it in 'a quiet' way, to avoid perturbing innocent holders who might exaggerate a technicality into something momentous.

"The only opposition which developed to our bill (No. 777) for validation was in connection with the story that came out that the bill had been introduced to validate the action of certain financing operations of the Chicago & Alton, the report in relation to which had been made public while Bill 777 was pending for second reading. When this opposition developed I personally explained to one or more members of the Legislature the exact nature of the bill, and B. Thomas, then President of the road, personally stated to Morton D. Hull, a member of the Legislature, that no money whatever was being used, or would be used, to bring about the passage of the act.

"The important thing for the public to remember is that this story of a 'slush fund' is got up by Fetzer or his counsel to divert public attention from the real issue. The Chicago & Western Indiana was robbed, and it demands restitution of its money. It is no adequate defense to say that this money, though stolen, was used for the benefit of the railroad company in corrupting the Legislature, or the City Council, or any one else. I feel confident that no such use was made of the money, but if it were that is all the more reason for thoroughly ventilating the case."

Members of the Aldermanic body are said to have been sounded in connection with procuring land for the right of way into Chicago.