

## Chapter 8

120 BROADWAY, NEW YORK CITY

**William B. Thompson, who was in Petrograd from July until November last, has made a personal contribution of \$1,000,000 to the Bolsheviki for the purpose of spreading their doctrine in Germany and Austria ....**

Washington Post, February 2, 1918

While collecting material for this book a single location and address in the Wall Street area came to the fore — 120 Broadway, New York City. Conceivably, this book could have been written incorporating only persons, firms, and organizations located at 120 Broadway in the year 1917. Although this research method would have been forced and unnatural, it would have excluded only a relatively small segment of the story.

The original building at 120 Broadway was destroyed by fire before World War I. Subsequently the site was sold to the Equitable Office Building Corporation, organized by General T. Coleman du Pont, president of du Pont de Nemours Powder Company.<sup>1</sup> A new building was completed in 1915 and the Equitable Life Assurance Company moved back to its old site.<sup>2</sup> In passing we should note an interesting interlock in Equitable history. In 1916 the cashier of the Berlin Equitable Life office was William Schacht, the father of Hjalmar Horace Greeley Schacht — later to become Hitler's banker, and financial genie. William Schacht was an American citizen, worked thirty years for Equitable in Germany, and owned a Berlin house known as "Equitable Villa." Before joining Hitler, young Hjalmar Schacht served as a member of the Workers and Soldiers Council (a soviet) of Zehlendoff; this he left in 1918 to join the board of the Nationalbank fur Deutschland. His codirector at DONAT was Emil Wittenberg, who, with

Max May of Guaranty Trust Company of New York, was a director of the first Soviet international bank, Ruskombank.

In any event, the building at 120 Broadway was in 1917 known as the Equitable Life Building. A large building, although by no means the largest office building in New York City, it occupies a one-block area at Broadway and Pine, and has thirty-four floors. The Bankers Club was located on the thirty-fourth floor. The tenant list in 1917 in effect reflected American involvement in the Bolshevik Revolution and its aftermath. For example, the headquarters of the No. 2 District of the Federal Reserve System — the New York area — by far the most important of the Federal Reserve districts, was located at 120 Broadway. The offices of several individual directors of the Federal Reserve Bank of New York and, most important, the American International Corporation were also at 120 Broadway. By way of contrast, Ludwig Martens, appointed by the Soviets as the first Bolshevik "ambassador" to the United States and head of the Soviet Bureau, was in 1917 the vice president of Weinberg & Posner — and also had offices at 120 Broadway.\*

Is this concentration an accident? Does the geographical contiguity have any significance? Before attempting to suggest an answer, we have to switch our frame of reference and abandon the left-right spectrum of political analysis.

With an almost unanimous lack of perception the academic world has described and analyzed international political relations in the context of an unrelenting conflict between capitalism and communism, and rigid adherence to this Marxian formula has distorted modern history. Tossed out from time to time are odd remarks to the effect that the polarity is indeed spurious, but these are quickly dispatched to limbo. For example, Carroll Quigley, professor of international relations at Georgetown University, made the following comment on the House of Morgan:

More than fifty years ago the Morgan firm decided to infiltrate the Left-wing political movements in the United States. This was relatively easy to do, since these groups were starved for funds and eager for a voice to reach the people. Wall Street supplied both. The purpose was not to destroy, dominate or take over...<sup>3</sup>

Professor Quigley's comment, apparently based on confidential documentation, has all the ingredients of an historical bombshell if it can be supported. We suggest that the Morgan firm infiltrated not only the domestic left, as noted by Quigley, but also the foreign left — that is, the Bolshevik movement and the Third International. Even further, through friends in the U.S. State Department, Morgan and allied financial interests, particularly the Rockefeller family, have exerted a powerful influence on U.S.-Russian relations from World War I to the present. The evidence presented in this chapter will suggest that two of the operational vehicles for infiltrating or influencing foreign revolutionary movements were located at 120 Broadway: the first, the Federal Reserve Bank of New York, heavily laced with Morgan appointees; the second, the Morgan-controlled American International Corporation. Further, there was an important interlock between the Federal Reserve Bank of New York and the American International Corporation — C. A. Stone, the president of American International, was also a director of the Federal Reserve Bank.

The tentative hypothesis then is that this unusual concentration at a single address was a reflection of purposeful actions by specific firms and persons and that these actions and events cannot be analyzed within the usual spectrum of left-right political antagonism.

## **AMERICAN INTERNATIONAL CORPORATION**

The American International Corporation (AIC) was organized in New York on November 22, 1915, by the J.P. Morgan interests, with major participation by Stillman's National City Bank and the Rockefeller interests. The general office of AIC was at 120 Broadway. The company's charter authorized it to engage in any kind of business, except banking and public utilities, in any country in the world. The stated purpose of the corporation was to develop domestic and foreign enterprises, to extend American activities abroad, and to promote the interests of American and foreign bankers, business and engineering.

Frank A. Vanderlip has described in his memoirs how American International was formed and the excitement created on Wall Street over its business potential.<sup>4</sup> The original idea was generated by a discussion between Stone & Webster — the international railroad contractors who "were convinced

there was not much more railroad building to be done in the United States" — and Jim Perkins and Frank A. Vanderlip of National City Bank (NCB).<sup>5</sup> The original capital authorization was \$50 million and the board of directors represented the leading lights of the New York financial world. Vanderlip records that he wrote as follows to NCB president Stillman, enthusing over the enormous potential for American International Corporation:

James A. Farrell and Albert Wiggin have been invited [to be on the board] but had to consult their committees before accepting. I also have in mind asking Henry Walters and Myron T. Herrick. Mr. Herrick is objected to by Mr. Rockefeller quite strongly but Mr. Stone wants him and I feel strongly that he would be particularly desirable in France. The whole thing has gone along with a smoothness that has been gratifying and the reception of it has been marked by an enthusiasm which has been surprising to me even though I was so strongly convinced we were on the right track.

I saw James J. Hill today, for example. He said at first that he could not possibly think of extending his responsibilities, but after I had finished telling him what we expected to do, he said he would be glad to go on the board, would take a large amount of stock and particularly wanted a substantial interest in the City Bank and commissioned me to buy him the stock at the market.

I talked with Ogden Armour about the matter today for the first time. He sat in perfect silence while I went through the story, and, without asking a single question, he said he would go on the board and wanted \$500,000 stock.

Mr. Coffin [of General Electric] is another man who is retiring from everything, but has 'become so enthusiastic over this that he was willing to go on the board, and offers the most active cooperation.

I felt very good over getting Sabin. The Guaranty Trust is altogether the most active competitor we have in the field and it is of great value to get them into the fold in this way.

They have been particularly enthusiastic at Kuhn, Loeb's. They want to take up to \$2,500,000. There was really quite a little competition to see who should get on the board, but as I had happened to talk with Kahn and had invited him first, it was decided he should go on. He is perhaps the most enthusiastic of any one. They want half a million stock for Sir Ernest Castle\*\* to whom they have cabled the plan and they have back from him approval of it.

I explained the whole matter to the Board [of the City Bank] Tuesday and got nothing but favorable comments.<sup>6</sup>

Everybody coveted the AIC stock. Joe Grace (of W. R. Grace & Co.) wanted \$600,000 in addition to his interest in National City Bank. Ambrose Monell wanted \$500,000. George Baker wanted \$250,000. And "William Rockefeller tried, vainly, to get me to put him down for \$5,000,000 of the common."<sup>7</sup>

By 1916 AIC investments overseas amounted to more than \$23 million and in 1917 to more than \$27 million. The company established representation in London, Paris, Buenos Aires, and Peking as well as in Petrograd, Russia. Less than two years after its formation AIC was operating on a substantial scale in Australia, Argentina, Uruguay, Paraguay, Colombia, Brazil, Chile, China, Japan, India, Ceylon, Italy, Switzerland, France, Spain, Cuba, Mexico, and other countries in Central America.

American International owned several subsidiary companies outright, had substantial interests in yet other companies, and operated still other firms in the United States and abroad. The Allied Machinery Company of America was founded in February 1916 and the entire share capital taken up by American International Corporation. The vice president of American International Corporation was Frederick Holbrook, an engineer and formerly head of the Holbrook Cabot & Rollins Corporation. In January 1917 the Grace Russian Company was formed, the joint owners being W. R. Grace & Co. and the San Galli Trading Company of Petrograd. American International Corporation had a substantial investment in the Grace Russian Company and through Holbrook an interlocking directorship.

AIC also invested in United Fruit Company, which was involved in Central American revolutions in the 1920s. The American International Shipbuilding Corporation was wholly owned by AIC and signed

substantial contracts for war vessels with the Emergency Fleet Corporation: one contract called for fifty vessels, followed by another contract for forty vessels, followed by yet another contract for sixty cargo vessels. American International Shipbuilding was the largest single recipient of contracts awarded by the U.S. government Emergency Fleet Corporation. Another company operated by AIC was G. Amsinck & Co., Inc. of New York; control of the company was acquired in November 1917. Amsinck was the source of financing for German espionage in the United States (see page 66). In November 1917 the American International Corporation formed and wholly owned the Symington Forge Corporation, a major government contractor for shell forgings. Consequently, American International Corporation had significant interest in war contracts within the United States and overseas. It had, in a word, a vested interest in the continuance of World War I.

The directors of American International and some of their associations were (in 1917):

J. OGDEN ARMOUR Meatpacker, of Armour & Company, Chicago; director of the National City Bank of New York; and mentioned by A. A. Heller in connection with the Soviet Bureau (see p. 119).

GEORGE JOHNSON BALDWIN Of Stone & Webster, 120 Broadway. During World War I Baldwin was chairman of the board of American International Shipbuilding, senior vice president of American International Corporation, director of G. Amsinck (Von Pavenstedt of Amsinck was a German espionage paymaster in the U.S., see page 65), and a trustee of the Carnegie Foundation, which financed the Marburg Plan for international socialism to be controlled behind the scenes by world finance (see page 174-6).

C. A. COFFIN Chairman of General Electric (executive office: 120 Broadway), chairman of cooperation committee of the American Red Cross.

W. E. COREY (14 Wall Street) Director of American Bank Note Company, Mechanics and Metals Bank, Midvale Steel and Ordnance, and International Nickel Company; later director of National City Bank.

ROBERT DOLLAR San Francisco shipping magnate, who attempted in behalf of the Soviets to import tsarist gold rubles into U.S. in 1920, in contravention of U.S. regulations.

PIERRE S. DU PONT Of the du Pont family.

PHILIP A. S. FRANKLIN Director of National City Bank.

J.P. GRACE Director of National City Bank.

R. F. HERRICK Director, New York Life Insurance; former president of the American Bankers Association; trustee of Carnegie Foundation.

OTTO H. KAHN Partner in Kuhn, Loeb. Kahn's father came to America in 1948, "having taken part in the unsuccessful German revolution of that year." According to J. H. Thomas (British socialist, financed by the Soviets), "Otto Kahn's face is towards the light."

H. W. PRITCHETT Trustee of Carnegie Foundation.

PERCY A. ROCKEFELLER Son of John D. Rockefeller; married to Isabel, daughter of J. A. Stillman of National City Bank.

JOHN D. RYAN Director of copper-mining companies, National City Bank, and Mechanics and Metals Bank. (See frontispiece to this book.)

W. L. SAUNDERS Director the Federal Reserve Bank of New York, 120 Broadway, and chairman of Ingersoll-Rand. According to the *National Cyclopaedia* (26:81): "Throughout the war he was one of the President's most trusted advisers." See page 15 for his views on the Soviets.

J. A. STILLMAN President of National City Bank, after his father (J. Stillman, chairman of NCB) died in March 1918.

C. A. STONE Director (1920-22) of Federal Reserve Bank of New York, 120 Broadway; chairman of Stone & Webster, 120 Broadway; president (1916-23) of American International Corporation, 120 Broadway.

T. N. VAIL President of National City Bank of Troy, New York

F. A. VANDERLIP President of National City Bank.

E. S. WEBSTER Of Stone & Webster, 120 Broadway.

A. H. WIGGIN Director of Federal Reserve Bank of New York in the early 1930s.

BECKMAN WINTHROPE Director of National City Bank.

WILLIAM WOODWARD Director of Federal Reserve Bank of New York, 120 Broadway, and Hanover National Bank.

The interlock of the twenty-two directors of American International Corporation with other institutions is significant. The National City Bank had no fewer than ten directors on the board of AIC; Stillman of NCB was at that time an intermediary between the Rockefeller and Morgan interests, and both the Morgan and the Rockefeller interests were represented directly on AIC. Kuhn, Loeb and the du Ponts each had one director. Stone & Webster had three directors. No fewer than four directors of AIC (Saunders, Stone, Wiggin, Woodward) either were directors of or were later to join the Federal Reserve Bank of New York. We have noted in an earlier chapter that William Boyce Thompson, who contributed funds and his considerable prestige to the Bolshevik Revolution, was also a director of the Federal Reserve Bank of New York — the directorate of the FRB of New York comprised only nine members.

## **THE INFLUENCE OF AMERICAN INTERNATIONAL ON THE REVOLUTION**

Having identified the directors of AIC we now have to identify their revolutionary influence.



As the Bolshevik Revolution took hold in central Russia, Secretary of State Robert Lansing requested the views of American International Corporation on the policy to be pursued towards the Soviet regime. On January 16, 1918 — barely two months after the takeover in Petrograd and Moscow, and before a fraction of Russia had come under Bolshevik control — William Franklin Sands, executive secretary of American International Corporation, submitted the requested memorandum on the Russian political situation to Secretary Lansing. Sands covering letter, headed 120 Broadway, began:

To the Honourable  
Secretary of State  
Washington D.C.

January 16, 1918

Sir

I have the honor to enclose herewith the memorandum which you requested me to make for you on my view of the political situation in Russia.

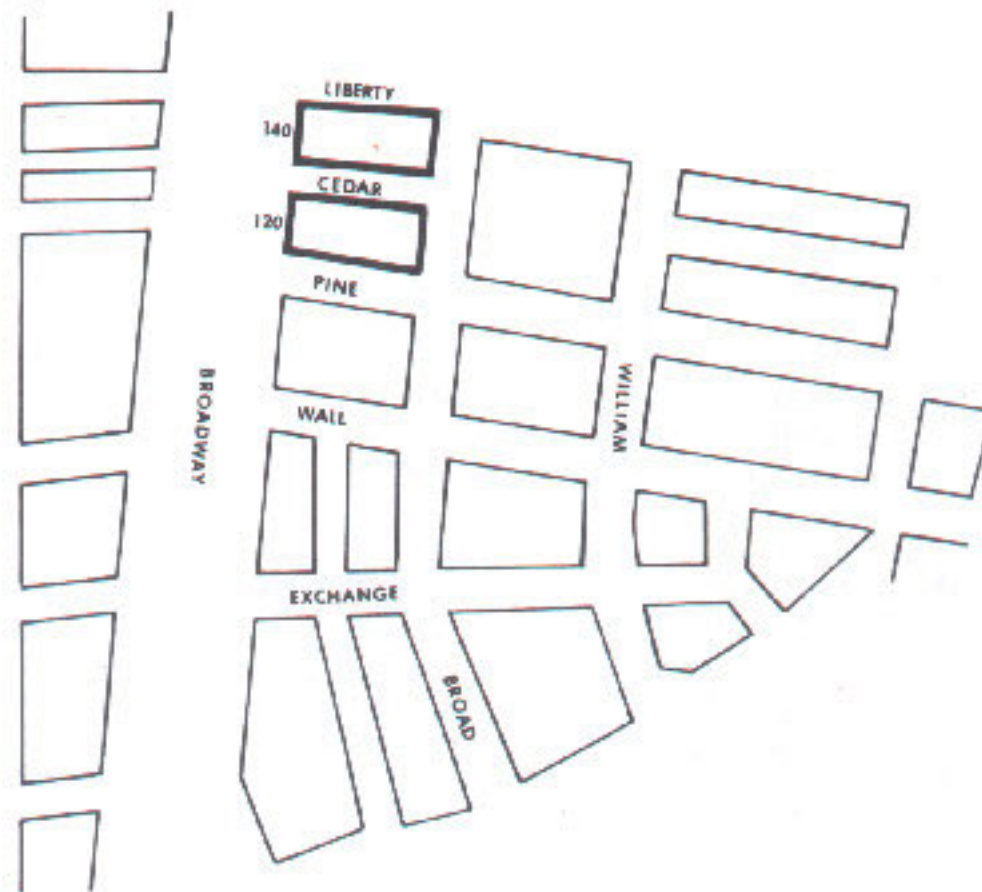
I have separated it into three parts; an explanation of the historical causes of the Revolution, told as briefly as possible; a suggestion as to policy and a recital of the various branches of American activity at work now in Russia ...<sup>8</sup>

Although the Bolsheviks had only precarious control in Russia — and indeed were to come near to losing even this in the spring of 1918 — Sands wrote that already (January 1918) the United States had delayed too long in recognizing "Trotzky." He added, "Whatever ground may have been lost, should be regained now, even at the cost of a slight personal triumph for Trotzky."<sup>9</sup>

### **Firms located at, or near, 120 Broadway:**

American International Corp 120 Broadway

National City Bank 55 Wall Street  
Bankers Trust Co Bldg 14 Wall Street  
New York Stock Exchange 13 Wall Street/12 Broad  
Morgan Building corner Wall & Broad  
Federal Reserve Bank of NY 120 Broadway  
Equitable Building 120 Broadway  
Bankers Club 120 Broadway  
Simpson, Thather & Bartlett 62 Cedar St  
William Boyce Thompson 14 Wall Street  
Hazen, Whipple & Fuller 42nd Street Building  
Chase National Bank 57 Broadway  
McCann Co 61 Broadway  
Stetson, Jennings & Russell 15 Broad Street  
Guggenheim Exploration 120 Broadway  
Weinberg & Posner 120 Broadway  
Soviet Bureau 110 West 40th Street  
John MacGregor Grant Co 120 Broadway  
Stone & Webster 120 Broadway  
General Electric Co 120 Broadway  
Morris Plan of NY 120 Broadway  
Sinclair Gulf Corp 120 Broadway  
Guaranty Securities 120 Broadway  
Guaranty Trust 140 Broadway



**Map of Wall Street Area Showing Office Locations**

**Sands then elaborates the manner in which the U.S. could make up for lost time, parallels the Bolshevik Revolution to "our own revolution," and concludes: "I have every reason to believe that the Administration plans for Russia will receive all possible support from Congress, and the hearty endorsement of public opinion in the United States."**

**In brief, Sands, as executive secretary of a corporation whose directors were the most prestigious on Wall Street, provided an emphatic endorsement of the Bolsheviks and the Bolshevik Revolution, and within a matter of weeks after the revolution started. And as a director of the Federal Reserve Bank of New York, Sands had just contributed \$1 million to the**

**Bolsheviks — such endorsement of the Bolsheviks by banking interests is at least consistent.**

**Moreover, William Sands of American International was a man with truly uncommon connections and influence in the State Department.**

**Sands' career had alternated between the State Department and Wall Street, In the late nineteenth and early twentieth century he held various U.S. diplomatic posts. In 1910 he left the department to join the banking firm of James Speyer to negotiate an Ecuadorian loan, and for the next two years represented the Central Aguirre Sugar Company in Puerto Rico. In 1916 he was in Russia on "Red Cross work" — actually a two-man "Special Mission" with Basil Miles — and returned to join the American International Corporation in New York.<sup>10</sup>**

**In early 1918 Sands became the known and intended recipient of certain Russian "secret treaties." If the State Department files are to be believed, it appears that Sands was also a courier, and that he had some prior access to official documents — prior, that is, to U.S. government officials. On January 14, 1918, just two days before Sands wrote his memo on policy towards the Bolsheviks, Secretary Lansing caused the following cable to be sent in Green Cipher to the American legation in Stockholm: "Important official papers for Sands to bring here were left at Legation. Have you forwarded them? Lansing." The reply of January 16 from Morris in Stockholm reads: "Your 460 January 14, 5 pm. Said documents forwarded Department in pouch number 34 on December 28th." To these documents is attached another memo, signed "BM" (Basil Miles, an associate of Sands): "Mr. Phillips. They failed to give Sands 1st installment of secret treaties wh. [which] he brought from Petrograd to Stockholm."<sup>11</sup>**

**Putting aside the question why a private citizen would be carrying Russian secret treaties and the question of the content of such secret treaties (probably an early version of the so-called Sisson Documents), we can at least deduce that the AIC executive secretary traveled from Petrograd to Stockholm in late 1917 and must indeed have been a privileged and influential citizen to have access to secret treaties.<sup>12</sup>**

A few months later, on July 1, 1918, Sands wrote to Treasury Secretary McAdoo suggesting a commission for "economic assistance to Russia." He urged that since it would be difficult for a government commission to "provide the machinery" for any such assistance, "it seems, therefore, necessary to call in the financial, commercial and manufacturing interest of the United States to provide such machinery under the control of the Chief Commissioner or whatever official is selected by the President for this purpose."<sup>13</sup> In other words, Sands obviously intended that any commercial exploitation of Bolshevik Russia was going to include 120 Broadway.

## **THE FEDERAL RESERVE BANK OF NEW YORK**

The certification of incorporation of the Federal Reserve Bank of New York was filed May 18, 1914. It provided for three Class A directors representing member banks in the district, three Class B directors representing commerce, agriculture, and industry, and three Class C directors representing the Federal Reserve Board. The original directors were elected in 1914; they proceeded to generate an energetic program. In the first year of organization the Federal Reserve Bank of New York held no fewer than 50 meetings.

From our viewpoint what is interesting is the association between, on the one hand, the directors of the Federal Reserve Bank (in the New York district) and of American International Corporation, and, on the other, the emerging Soviet Russia.

In 1917 the three Class A directors were Franklin D. Locke, William Woodward, and Robert H. Treman. William Woodward was a director of American International Corporation (120 Broadway) and of the Rockefeller-controlled Hanover National Bank. Neither Locke nor Treman enters our story. The three Class B directors in 1917 were William Boyce Thompson, Henry R. Towne, and Leslie R. Palmer. We have already noted William B. Thompson's substantial cash contribution to the Bolshevik cause. Henry R. Towne was chairman of the

**board of directors of the Morris Plan of New York, located at 120 Broadway; his seat was later taken by Charles A. Stone of American International Corporation (120 Broadway) and of Stone & Webster (120 Broadway). Leslie R. Palmer does not come into our story. The three Class C directors were Pierre Jay, W. L. Saunders, and George Foster Peabody. Nothing is known about Pierre Jay, except that his office was at 120 Broadway and he appeared to be significant only as the owner of Brearley School, Ltd. William Lawrence Saunders was also a director of American International Corporation; he openly avowed, as we have seen, pro-Bolshevik sympathies, disclosing them in a letter to President Woodrow Wilson (see page 15). George Foster Peabody was an active socialist (see page 99-100).**

**In brief, of the nine directors of the Federal Reserve Bank of New York, four were physically located at 120 Broadway and two were then connected with American International Corporation. And at least four members of AIC's board were at one time or another directors of the FRB of New York. We could term all of this significant, but regard it not necessarily as a dominant interest.**

## **AMERICAN-RUSSIAN INDUSTRIAL SYNDICATE INC.**

**William Franklin Sands' proposal for an economic commission to Russia was not adopted. Instead, a private vehicle was put together to exploit Russian markets and the earlier support given the Bolsheviks. A group of industrialists from 120 Broadway formed the American-Russian Industrial Syndicate Inc. to develop and foster these opportunities. The financial backing for the new firm came from the Guggenheim Brothers, 120 Broadway, previously associated with William Boyce Thompson (Guggenheim controlled American Smelting and Refining, and the Kennecott and Utah copper companies); from Harry F. Sinclair, president of Sinclair Gulf Corp., also 120 Broadway; and from James G. White of J. G. White Engineering Corp. of 43 Exchange Place — the address of the American-Russian Industrial Syndicate.**

**In the fall of 1919 the U.S. embassy in London cabled Washington about Messrs. Lubovitch**

and Rossi "representing American-Russian Industrial Syndicate Incorporated What is the reputation and the attitude of the Department toward the syndicate and the individuals?"<sup>14</sup>

To this cable State Department officer Basil Miles, a former associate of Sands, replied:

... Gentlemen mentioned together with their corporation are of good standing being backed financially by the White, Sinclair and Guggenheim interests for the purpose of opening up business relations with Russia.<sup>15</sup>

So we may conclude that Wall Street interests had quite definite ideas of the manner in which the new Russian market was to be exploited. The assistance and advice proffered in behalf of the Bolsheviks by interested parties in Washington and elsewhere were not to remain unrewarded.

## JOHN REED: ESTABLISHMENT REVOLUTIONARY

Quite apart from American International's influence in the State Department is its intimate relationship — which AIC itself called "control" — with a known Bolshevik: John Reed. Reed was a prolific, widely read author of the World War I era who contributed to the Bolshevik-oriented *Masses*,<sup>16</sup> and to the Morgan-controlled journal *Metropolitan*. Reed's book on the Bolshevik Revolution, *Ten Days That Shook the World*, sports an introduction by Nikolai Lenin, and became Reed's best-known and most widely read literary effort. Today the book reads like a superficial commentary on current events, is interspersed with Bolshevik proclamations and decrees, and is permeated with that mystic fervor the Bolsheviks know will arouse foreign sympathizers. After the revolution Reed became an American member of the executive committee of the Third International. He died of typhus in Russia in 1920.

The crucial issue that presents itself here is not Reed's known pro-Bolshevik tenor and activities, but how Reed who had the entire confidence of Lenin ("Here is a book I should like

to see published in millions of copies and translated into all languages," commented Lenin in *Ten Days*), who was a member of the Third International, and who possessed a Military Revolutionary Committee pass (No. 955, issued November 16, 1917) giving him entry into the Smolny Institute (the revolutionary headquarters) at any time as the representative of the "American Socialist press," was also — despite these things — a puppet under the "control" of the Morgan financial interests through the American International Corporation. Documentary evidence exists for this seeming conflict (see below and Appendix 3).

Let's fill in the background. Articles for the *Metropolitan* and the *Masses* gave John Reed a wide audience for reporting the Mexican and the Russian Bolshevik revolutions. Reed's biographer Granville Hicks has suggested, in *John Reed*, that "he was . . . the spokesman of the Bolsheviks in the United States." On the other hand, Reed's financial support from 1913 to 1918 came heavily from the *Metropolitan* — owned by Harry Payne Whitney, a director of the Guaranty Trust, an institution cited in every chapter of this book — and also' from the New York private banker and merchant Eugene Boissevain, who channeled funds to Reed both directly and through the pro-Bolshevik *Masses*. In other words, John Reed's financial support came from two supposedly competing elements in the political spectrum. These funds were for writing and may be classified as: payments from *Metropolitan* from 1913 onwards for articles; payments from *Masses* from 1913 onwards, which income at least in part originated with Eugene Boissevain. A third category should be mentioned: Reed received some minor and apparently unconnected payments from Red Cross commissioner Raymond Robins in Petrograd. Presumably he also received smaller sums for articles written for other journals, and book royalties; but no evidence has been found giving the amounts of such payments.

## JOHN REED AND THE *METROPOLITAN* MAGAZINE

The *Metropolitan* supported contemporary establishment causes including, for example, war preparedness. The magazine was owned by Harry Payne Whitney (1872-1930), who founded the Navy League and was partner in the J.P. Morgan firm. In the late 1890s Whitney became a



director of American Smelting and Refining and of Guggenheim Exploration. Upon his father's death in 1908, he became a director of numerous other companies, including Guaranty Trust Company. Reed began writing for Whitney's *Metropolitan* in July 1913 and contributed a half-dozen articles on the Mexican revolutions: "With Villa in Mexico," "The Causes Behind/Mexico's Revolution," "If We Enter Mexico," "With Villa on the March," etc. Reed's sympathies were with revolutionist Pancho Villa. You will recall the link (see page 65) between Guaranty Trust and Villa's ammunition supplies.

In any event, *Metropolitan* was Reed's main source of income. In the words of biographer Granville Hicks, "Money meant primarily work for the *Metropolitan* and incidentally articles and stories for other paying magazines." But employment by *Metropolitan* did not inhibit Reed from writing articles critical of the Morgan and Rockefeller interests. One such piece, "At the Throat of the Republic" (*Masses*, July 1916), traced the relationship between munitions industries, the national security-preparedness lobby, the interlocking directorates of the Morgan-Rockefeller interest, "and showed that they dominated both the preparedness societies and the newly formed American International Corporation, organized for the exploitation of backward countries."<sup>17</sup>

In 1915 John Reed was arrested in Russia by tsarist authorities, and the *Metropolitan* intervened with the State Department in Reed's behalf. On June 21, 1915, H. J. Whigham wrote Secretary of State Robert Lansing informing him that John Reed and Boardman Robinson (also arrested and also a contributor to the *Masses*) were in Russia "with commission from the *Metropolitan* magazine to write articles and to make illustrations in the Eastern field of the War." Whigham pointed out that neither had "any desire or authority from us to interfere with the operations of any belligerent powers that be." Whigham's letter continues:

If Mr. Reed carried letters of introduction from Bucharest to people in Galicia of an anti-Russian frame of mind I am sure that it was done innocently with the simple intention of meeting as many people as possible ....

Whigham points out to Secretary Lansing that John Reed was known at the White House and had given "some assistance" to the administration on Mexican affairs; he concludes: "We have the highest regard for Reed's great qualities as a writer and thinker and we are very anxious as regards his safety."<sup>18</sup> The Whigham letter is not, let it be noted, from an establishment journal in support of a Bolshevik writer; it is from an establishment journal in support of a Bolshevik writer for the *Masses* and similar revolutionary sheets, a writer who was also the author of trenchant attacks ("The Involuntary Ethics of Big Business: A Fable for Pessimists," for example) on the same Morgan interests that owned Metropolitan.

The evidence of finance by the private banker Boissevain is incontrovertible. On February 23, 1918, the American legation at Christiania, Norway, sent a cable to Washington in behalf of John Reed for delivery to Socialist Party leader Morris Hillquit. The cable stated in part: "Tell Boissevain must draw on him but carefully." A cryptic note by Basil Miles in the State Department files, dated April 3, 1918, states, "If Reed is coming home he might as well have money. I understand alternatives are ejection by Norway or polite return. If this so latter seems preferable." This protective note is followed by a cable dated April 1, 1918, and again from the American legation at Christiania: "John Reed urgently request Eugene Boissevain, 29 Williams Street, New York, telegraph care legation \$300.00."<sup>19</sup> This cable was relayed to Eugene Boissevain by the State Department on April 3, 1918.

Reed apparently received his funds and arrived safely back in the United States. The next document in the State Department files is a letter to William Franklin Sands from John Reed, dated June 4, 1918, and written from Crotonon-Hudson, New York. In the letter Reed asserts that he has drawn up a memorandum for the State Department, and appeals to Sands to use his influence to get release of the boxes of papers brought back from Russia. Reed concludes, "Forgive me for bothering you, but I don't know where else to turn, and I can't afford another trip to Washington." Subsequently, Frank Polk, acting secretary of state, received a letter from Sands regarding the release of John Reed's papers. Sands' letter, dated June 5, 1918, from 120 Broadway, is here reproduced in full; it makes quite explicit statements about control of Reed:

June fifth, 1918

**My dear Mr. Polk:**

**I take the liberty of enclosing to you an appeal from John ("Jack") Reed to help him, if possible, to secure the release of the papers which he brought into the country with him from Russia.**

**I had a conversation with Mr. Reed when he first arrived, in which he sketched certain attempts by the Soviet Government to initiate constructive development, and expressed the desire to place whatever observations he had made or information he had obtained through his connection with Leon Trotzky, at the disposal of our Government. I suggested that he write a memorandum on this subject for you, and promised to telephone to Washington to ask you to give him an interview for this purpose. He brought home with him a mass of papers which were taken from him for examination, and on this subject also he wished to speak to someone in authority, in order to voluntarily offer an>, information they might contain to the Government, and to ask for the release of those which he needed for his newspaper and magazine work.**

**I do not believe that Mr. Reed is either a "Bolshevik" or a "dangerous anarchist," as I have heard him described. He is a sensational journalist, without doubt, but that is all. He is not trying to embarrass our Government, and for this reason refused the "protection" which I understand was offered to him by Trotzky, when he returned to New York to face the indictment against him in the "Masses" trial. He is liked by the Petrograd Bolsheviki, however, and, therefore, anything which our police may do which looks like "persecution" will be resented in Petrograd, which I believe to be undesirable because unnecessary. He can be handled and controlled much better**

by other means than through the police.

I have not seen the memorandum he gave to Mr. Bullitt — *I wanted him to let me see it first and perhaps to edit it*, but he had not the opportunity to do so.

I hope that you will not consider me to be intrusive in this matter or meddling with matters which do not concern me. I believe it to be wise not to offend the Bolshevik leaders *unless and until it may become necessary to do so — if it should become necessary — and* it is unwise to look on every one as a suspicious or even dangerous character, who has had friendly relations with the Bolsheviki in Russia. *I think it better policy to attempt to use such people for our own purposes in developing our policy toward Russia, if it is possible to do so.* The lecture which Reed was prevented by the police from delivering in Philadelphia (he lost his head, came into conflict with the police and was arrested) is the only lecture on Russia which I would have paid to hear, if I had not already seen his notes on the subject. It covered a subject which we might quite possibly find to be a point of contact with the Soviet Government, from which to begin constructive work!

*Can we not use him, instead of embittering him and making him an enemy? He is not well balanced, but he is, unless I am very much mistaken, susceptible to discreet guidance and might be quite useful.*

*Sincerely yours,  
William Franklin Sands*

*The Honourable  
Frank Lyon Polk  
Counselor for the Department of State  
Washington, D.C.*

*The significance of this document is the hard revelation of direct intervention by an officer (executive secretary) of American International Corporation in behalf of a known Bolshevnik. Ponder a few of Sands' statements about Reed: "He can be handled and controlled much better by other means than through the police"; and, "Can we not use him, instead of embittering him and making him an enemy? . . . he is, unless I am very much mistaken, susceptible to discreet guidance and might be quite useful." Quite obviously, the American International Corporation viewed John Reed as an agent or a potential agent who could be, and probably had already been, brought under its control. The fact that Sands was in a position to request editing a memorandum by Reed (for Bullitt) suggests some degree of control had already been established.*

*Then note Sands' potentially hostile attitude towards — and barely veiled intent to provoke — the Bolshevniks: "I believe it to be wise not to offend the Bolshevnik leaders unless and until it may become necessary to do so — if it should become necessary . . ." (italics added).*

*This is an extraordinary letter in behalf of a Soviet agent from a private U.S. citizen whose counsel the State Department had sought, and continued to seek.*

*A later memorandum, March 19, 1920, in the State files reported the arrest of John Reed by the Finnish authorities at Abo, and Reed's possession of English, American and German passports. Reed, traveling under the alias of Casgormlich, carried diamonds, a large sum of money, Soviet propaganda literature, and film. On April 21, 1920, the American legation at Helsingfors cabled the State Department:*

*Am forwarding by the next pouch certified copies of letters from Emma Goldman, Trotsky, Lenin and Sirola found in Reed's possession. Foreign Office has promised*

**to furnish complete record of the Court proceedings.**

**Once again Sands intervened: "I knew Mr. Reed personally."<sup>21</sup> And, as in 1915, Metropolitan magazine also came to Reed's aid. H. J. Whigham wrote on April 15, 1920, to Bainbridge Colby in the State Department: "Have heard John Reed in danger of being executed in Finland. Hope the State Dept. can take immediate steps to see that he gets proper trial. Urgently request prompt action."<sup>22</sup> This was in addition to an April 13, 1920 telegram from Harry Hopkins, who was destined for fame under President Roosevelt:**

**Understand State Dept. has information Jack Reed arrested Finland, will be executed. As one of his friends and yours and on his wife's behalf urge you take prompt action prevent execution and secure release. Feel sure can rely your immediate and effective intervention.<sup>23</sup>**

**John Reed was subsequently released by the Finnish authorities.**

**This paradoxical account on intervention in behalf of a Soviet agent can have several explanations. One hypothesis that fits other evidence concerning Wall Street and the Bolshevik Revolution is that John Reed was in effect an agent of the Morgan interests — perhaps only half aware of his double role — that his anticapitalist writing maintained the valuable myth that all capitalists are in perpetual warfare with all socialist revolutionaries. Carroll Quigley, as we have already noted, reported that the Morgan interests financially supported domestic revolutionary organizations and anticapitalist writings.<sup>24</sup> And we have presented in this chapter irrefutable documentary evidence that the Morgan interests were also effecting control of a Soviet agent, interceding on his behalf and, more important, generally intervening in behalf of Soviet interests with the U.S. government. These activities centered at a single address: 120 Broadway, New York City.**

## Footnotes:

<sup>1</sup>**By a quirk the papers of incorporation for the Equitable Office Building were drawn up by Dwight W. Morrow, later a Morgan partner, but then a member of the law firm of Simpson, Thacher & Bartlett. The Thacher firm contributed two members to the 1917 American Red Cross Mission to Russia (see chapter five).**

<sup>3</sup>**Carroll Quigley, *Tragedy and Hope* (New York: Macmillan, 1966), p. 938. Quigley was writing in 1965, so this places the start of the infiltration at about 1915, a date consistent with the evidence here presented.**

<sup>4</sup>**Frank A. Vanderlip, *From Farm Boy to Financier* (New York: A. Appleton-Century, 1935).**

<sup>5</sup>***Ibid.*, p. 267.**

<sup>6</sup>***Ibid.*, pp. 268-69. It should be noted that several names mentioned by Vanderlip turn up elsewhere in this book: Rockefeller, Armour, Guaranty Trust, and (Otto) Kahn all had some connection more or less with the Bolshevik Revolution and its aftermath.**

<sup>7</sup>***Ibid.*, p. 269.**

<sup>8</sup>**U.S. State Dept. Decimal File, 861.00/961.**

<sup>9</sup>**Sands memorandum to Lansing, p. 9.**

<sup>10</sup>**William Franklin Sands wrote several books, including *Undiplomatic Memoirs* (New York: McGraw-Hill, 1930), a biography covering the years to 1904. Later he wrote *Our Jungle Diplomacy* (Chapel Hill: University of North Carolina Press, 1941), an unremarkable treatise on imperialism in Latin America. The latter work is notable**

***only for a minor point on page 102: the willingness to blame a particularly unsavory imperialistic adventure on Adolf Stahl, a New York banker, while pointing out quite unnecessarily that Stahl was of "German-Jewish origin." In August 1918 he published an article, "Salvaging Russia," in Asia, to explain support of the Bolshevik regime.***

***<sup>11</sup>All the above in U.S. State Dept. Decimal File, 861.00/969.***

***<sup>12</sup>The author cannot forbear comparing the treatment of academic researchers. In 1973, for example, the writer was still denied access to some State Department files dated 1919.***

***<sup>13</sup>U.S. State Dept. Decimal File, 861.51/333.***

***<sup>14</sup>U.S. State Dept. Decimal File, 861.516 84, September 2, 1919.***

***<sup>15</sup>Ibid.***

***<sup>16</sup>Other contributors to the Masses mentioned in this book were journalist Robert Minor, chairman of the, U.S. Public Info, marion Committee; George Creel; Carl Sandburg, poet-historian; and Boardman Robinson, an artist.***

***<sup>17</sup>Granville Hicks, John Reed, 1887-1920 (New York: Macmillan, 1936), p. 215.***

***<sup>18</sup>U.S. State Dept. Decimal File, 860d.1121 R 25/4.***

***<sup>19</sup>Ibid., 360d.1121/R25/18. According to Granville Hicks in John Reed, "Masses could not pay his [Reed's] expenses. Finally, friends of the magazine, notably Eugene Boissevain, raised the money" (p. 249).***



***<sup>20</sup>U.S. State Dept. Decimal File, 360. D. II21.R/20/221/2, /R25 (John Reed). The letter was transferred by Mr. Polk to the State Department archives on May 2, 1935. All italics added.***

***<sup>21</sup>Ibid., 360d.1121 R 25/72.***

***<sup>22</sup>Ibid.***

***<sup>23</sup>This was addressed to Bainbridge Colby, *ibid.*, 360d.1121 R 25/30. Another letter, dated April 14, 1920, and addressed to the secretary of state from 100 Broadway, New York, was from W. Bourke Cochrane; it also pleaded for the release of John Reed.***

***<sup>24</sup>Quigley, *op. cit.****

***\*The John MacGregor Grant Co., agent for the Russo-Asiatic Bank (involved in financing the Bolsheviks), was at 120 Broadway — and financed by Guaranty Trust Company.***

***\*\*Sir Ernest Cassel, prominent British financier.***

**[BACK](#)**