

**DE RONDE SUGAR RESOLUTION:
HEARINGS BEFORE THE COMMITTEE ON
AGRICULTURE, HOUSE OF
REPRESENTATIVES, SIXTY-SEVENTH
CONGRESS, SECOND SESSION, JANUARY
20 AND 21 AND FEBRUARY 3, 1922**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649274543

De Ronde Sugar Resolution: Hearings Before the committee on agriculture, house of representatives, sixty-seventh congress, second session, January 20 and 21 and February 3, 1922
by Various

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COMMITTEE ON AGRICULTURE.

HOUSE OF REPRESENTATIVES.

SIXTY-SEVENTH CONGRESS, SECOND SESSION.

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CHARLES B. WARD, New York.

FRED S. PURNELL, Indiana.

EDWARD VOIGT, Wisconsin.

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MARVIN JONES, Texas.

PETER G. TEN EYCK, New York.

L. G. HAUGEN, *Clerk*.

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DE RONDE SUGAR RESOLUTION.

COMMITTEE ON AGRICULTURE,
HOUSE OF REPRESENTATIVES,
Friday, January 20, 1922.

The committee met at 10 o'clock a. m., Hon. Gilbert N. Haugen (chairman) presiding.

There were present: Mr. Haugen, Mr. McLaughlin of Michigan, Mr. Ward, Mr. Purnell, Mr. Voigt, Mr. McLaughlin of Nebraska, Mr. Riddick, Mr. Tincher, Mr. Williams, Mr. Sinclair, Mr. Hays, Mr. Thompson, Mr. Gerner, Mr. Clague, Mr. Clarke, Mr. Jacoway, Mr. Rainey, Mr. Aswell, Mr. Kincheloe, Mr. Jones, and Mr. Ten Eyck.

The CHAIRMAN. You may proceed, Mr. De Ronde.

**STATEMENT OF MR. FRANK S. DE RONDE, VICE PRESIDENT OF
P. DE RONDE & CO. (INC.), 39 BROADWAY, NEW YORK CITY,
N. Y.**

Mr. DE RONDE. Mr. Chairman and members of the committee, my name is Frank S. De Ronde; I am vice president of P. De Ronde & Co. (Inc.), 39 Broadway, New York.

With your permission, Mr. Chairman, if the committee will agree, I should like to read a statement—a sworn statement, by the way—of my partner, Mr. Philip De Ronde, and I would be obliged if the committee would permit me to read this statement in full before asking any questions, so that I may complete it in its entirety.

Mr. ASWELL. Are you a lawyer, Mr. De Ronde?

Mr. DE RONDE. I am not; no, sir.

The CHAIRMAN. You may proceed.

Mr. DE RONDE. This is a statement made by Mr. P. De Ronde, president of P. De Ronde & Co.

Mr. PURNELL. Mr. De Ronde, let me ask you a question before you start reading that. Is that the same Philip De Ronde who testified before the Senate committee?

Mr. DE RONDE. Yes, sir. [Reading:]

"In the latter part of May, 1920, Mr. Armin W. Riley, Special Assistant Attorney General of the United States, who was then located in New York, came to me with a request that my company purchase Argentine sugar for importation into the United States as an aid to the efforts being made by the Department of Justice to reduce the price of sugar in this country. He told me that the department was being flooded with urgent appeals to take some action for immediate relief of consumers, and greatly feared that the high prices of sugar would seriously interfere with the canning and preserving of the vegetable and fruit crops of the country; that notwithstanding the threatened prosecution of those who were believed to be profiteering the price of sugar was advancing very rapidly, and the department felt that there was actually a great shortage in the United States, and believed that the only effective way to meet the situation was to increase the supply. He further told me that the Department of Justice had learned of a substantial quantity of sugar in Argentina, but there was an embargo against exporting it, and the department was taking steps to procure the lifting of the embargo. I told Mr. Riley that the Oriental Navigation Co., of which I was also president, operated freight steamships from Argentina to the United States, and perhaps one of its boats might be available to bring sugar as a return cargo, but that I knew nothing about sugar, had never dealt in it in this country or elsewhere, knew nothing of the customs of the trade or the handling or marketing of sugar, and I did not see how his proposition could interest me.

"A week or so later, and in the early part of June, Mr. Riley came to me at the Whitehall Club in New York. He then told me he had been placed in entire charge of sugar matters for the Department of Justice; that conditions in this country were getting very critical; and that the department was arranging to bring Argentine sugar here. He told me that the department had completed arrangements with another company under which that company had agreed to import some Argentine sugar; that the department was to supply the distributors of the sugar, and the company which undertook the importation was to receive 1 cent per pound in consideration of its purchasing the sugar and bringing it here. I then told Mr. Riley that I might be interested in that kind of a proposition; that one of the Oriental Navigation Co.'s steamships was then on its way to Argentina and might be made available for a shipment, but the business would require the outlay of a considerable sum of money, and the limitation of 1 cent per pound profit on the transaction was only approximately 5 per cent on the money invested, but that I was not so much interested in the profit as I was in being assured that the sugar would be taken off my hands when it arrived, as I had no means of disposing of it. Mr. Riley told me I need not have any fear on that point. He said the life of everyone in the department was being made unbearable by the large number of applicants for sugar, and that if I would get the sugar here he would take entire charge of its distribution and supply all the customers needed at a price not exceeding 1 cent per pound over the cost. I then told him that under those circumstances I would undertake the business and asked him how much I should buy. He said, 'All you can get.' I then went to the Argentine Chamber of Commerce in New York to get some information about exporting sugar from Argentina. They told me of the lifting of the embargo and something of the conditions that were imposed, but said that those conditions did not concern me, since they would have to be carried out by the people from whom I bought.

"The decree lifting the embargo is as follows:

"ACTS OF THE EXECUTIVE POWER, MINISTRY OF HACIENDA, PERMISSION FOR EXPORTATION OF 100,000 TONS OF SUGAR.

"BUENOS AIRES, May 22, 1920.

"The executive power of the nation, in general agreement with the ministers, decrees:

"ARTICLE 1. Under the conditions hereinafter set forth and up to the quantity of 100,000 tons, the exportation of sugar is authorized for the period of 90 days.

"ART. 2. Every exporter shall address himself to the Minister of Hacienda, soliciting the respective permission, which shall be accompanied by a detailed note giving quantity, class, and location of the product which it is proposed to export.

"ART. 3. The permit shall only be granted when verification of the conditions set forth by the petitioner has been made by the officers of the Internal Revenue Department.

"ART. 4. The petitioner shall also submit vouchers in the case showing that he has deposited to the order of the Ministry of Hacienda a quantity of refined sugar—pilet type—equivalent to 30 per cent of each lot. All expenses, losses, and wastage or damage shall be for exclusive account of the depositor.

"ART. 5. The executive power in the case that during the 90 days the retail sale price of sugar in the consuming markets of the Republic shall rise above that of 4.60 per 10 kilos for granulated white sugar and 5.50 per 10 kilos for refined sugar—pilet type—shall deny all further export permits and shall proceed to the immediate sale, in the form which he may consider most convenient, of all the sugar deposited to his order by the exporters in guarantee of the stability of the price. Should this situation become a fact the executive power shall allow the depositors as sale price that of 4.10 per 10 kilos of the net product resulting at the time the guaranty is made effective.

"ART. 6. The exportation of sugar shall be subject to all the dispositions and customhouse duties in force in accordance with the respective laws and regulations.

"ART. 7. If during the 90 days fixed the quotations should not rise above that of the prices fixed in article 4 the exporters may dispose freely of the lots deposited as guaranty. Likewise during the course of the 90 days the ministry of Hacienda may permit the exchange of any one lot for another of the same quality and quantity when verification has been made by the respective offices.

DE RONDE SUGAR RESOLUTION.

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"ART. 8. To be communicated, published, etc.

" IRIGOYEN.	" JULIO MORENO.
" D. E. SALAHERRY.	" ALFREDO DEMARCHI.
" R. GOMEZ.	" P. TORELLO.
" J. S. SALINES.	" H. PUEYRREDON.

" I then cabled our Buenos Aires representative to ascertain what sugar they could purchase, and at what price. This cable was sent on June 16, 1920. I received their reply on June 17 as follows:

" JUNE 17, 1920.

" DE RONDE,
" New York:

" Could probably offer you 5,000 tons white granulated sugar, shipment July, \$45 American gold 100 kilograms c. i. f. New York. Rush reply.

" 'LLOYD AMERICANO.'

" To this we replied as follows:

" JUNE 17, 1920.

" LLOYD AMERICANO,
" Buenos Aires:

" Replying your telegram sugar, we can do business at \$43. Reply is urgent.

" 'DE RONDE.'

" On June 19 I received the following cable:

" JUNE 17, 1920.

" DE RONDE,
" New York:

" Sugar closed, 3,000 tons \$43 c. i. f. New York, shipment July steamship *Willimantic*. Freight \$13. Please open credit Lloyd Americano. Will close further 2,000 Monday. Please confirm immediately. Chance to secure further 5,000 tons shipment July provided you can improve price. All sugar is 99 degree plus. Please try protect our commission one-quarter per cent.

" 'LLOYD AMERICANO.'

" To this I replied as follows:

" JUNE 19, 1920.

" LLOYD AMERICANO,
" Buenos Aires:

" We confirm 3,000 tons sugar at \$43 steamship *Willimantic*. We will open credit next week. Can not improve price for further parcels, and can not include any commission for you. Sale made c. i. f. basis before anything said about commission.

" 'DE RONDE.'

" On June 21, 1920, we received the following cable:

" JUNE 21, 1920.

" DE RONDE,
" New York:

" Closed further 2,000 tons sugar \$43 c. i. f. New York shipment July. Will load, full cargo, *Willimantic*.

" 'LLOYD AMERICANO.'

" Immediately thereafter I arranged with the Bankers Trust Co., Empire Trust Co., Mechanics & Metals National Bank, and Mercantile Trust Co., all of New York City, to establish letters of credit to the amount of \$2,200,000 in Buenos Aires to cover the total purchase price of the sugar.

" Our Buenos Aires agents purchased this sugar from S. Staropolski and P. A. Hardcastle, who had previously obtained certificates of compliance with the provisions of the Argentine decree of May 22, 1920. Translations of these certificates are appended hereto as Exhibits 1 and 2.

" In the early part of July the price of sugar began to fall off gradually, and I called on Mr. Riley at his office in New York, spoke of the falling prices, told him I thought we were going to have trouble selling our sugar, and since it had not yet left Argentina and the price was firmer down there, I wanted to resell there. He said he could not permit me to do so, that we had purchased this sugar for the specific purpose of bringing it to the United States to aid the Department of Justice in reducing prices, and that he would insist on

carrying out the bargain. He said there was no let-up in the demand for sugar, that he wanted that sugar for the canning and preserving trade, and told me I must bring it along as fast as I could."

Mr. CLARKE. May I interrupt you right there? Have you any exhibits here of correspondence confirming this conversation Mr. Riley had with you?

Mr. DE RONDE. I have Mr. Riley's letter confirming it.

Mr. CLARKE. And ordering you to do this?

Mr. DE RONDE. Yes, sir. I beg your pardon; let me correct that, Mr. Clarke. Not ordering us to do it. All our transactions with Mr. Riley were verbal, which Mr. Riley later on confirmed in a letter which you will see here later on. [Continuing reading:]

"I asked him how we could find any buyers for the sugar if the price in the United States should go below our cost. He said we need not fear that. He was sure that the present decline was only temporary and probably due to the exaggerated estimates of the amount of sugar to be imported from Argentina, and when it became known what a comparatively small amount was coming the American prices would immediately go up again.

"The steamship *Willimantic* of the Oriental Navigation Co. sailed from Buenos Aires about July 29, 1920, with the 5,000 tons of sugar which my company had procured as the principal part of her cargo. The vessel was unable to sail earlier because the sugar came from various localities, and while the first loadings were made on July 5, a large part of the shipment arrived at the ship between the 22d and 28th of July. I append hereto a statement showing the dates of loading which was forwarded to me at the time. (Exhibit 3.) She arrived in New York August 25, 1920. Shortly before her arrival I called on Mr. Riley, told him that we expected the steamship within a few days, at which time I would be ready for his list of customers to whom the sugar was to be delivered. Mr. Riley then told me that he did not know what he was going to do, that the price of sugar had continued to go down, and he was unable to get anyone to distribute our sugar or any customers for it. I reminded him that in July he had prevented my reselling in Argentina when I would have had no loss and insisted on my bringing the sugar here; that now I must insist on his taking the sugar off my hands.

"My company did not have any license to trade in sugar, as required at that time under the regulations of the Department of Justice. We were to be importers only, not dealers. I recalled to him that I had declined to entertain the proposition at all until he had assured me he would supply the distributors or customers, and I insisted that he carry out that part of the agreement. I told him that if I had been acting for myself I would have resold immediately upon making the purchase, at which time there was no difficulty in selling sugar 'to arrive' and I could have had an open market without limitation by the department, and there would have been no risk in the transaction. I even suggested that we leave the sugar on the boat and take it back to Argentina on her return trip, as the price was still strong in Argentina and there would probably be less loss in that way than by keeping it here. Mr. Riley told me, however, that I would not be permitted to resell in Argentina; that that matter had already been taken up by the State Department with its representatives at Buenos Aires in connection with some of the other sugar that had been imported for the Department of Justice, but the State Department had been advised that reselling in Argentina would involve serious complications with the Argentine Government. Riley stated that he appreciated the situation fully, but he did not know what could be done. He suggested that we procure the customary license to trade in food products and proceed to market the sugar and work out with the least possible loss. I told him that was not in accordance with our agreement, and I wanted to know what was going to be done about taking care of the loss. He said that he could not help me then as there was no provision in the law nor any appropriation under which the Department of Justice could take care of it, but that we would have to seek relief at some future time and in whatever way was thought best.

"We then applied to the Attorney General for a license, which was issued on August 25, 1920. (Exhibit 4.)

"Shortly after this I was forced to take a long vacation on account of my health and was not at business until October, 1920. After I got back to business I set out to find a means of securing redress and reimbursement of the loss my company had suffered. I requested my associate, Mr. Frank De Ronde, to go to Washington in January, 1921, for this purpose. During his investigation he learned of the resolution pending before Congress for relief of the

American Trading Co. That was the first suggestion regarding procedure that had come to me. I kept track of the proceedings on the American Trading Co. bill, but it was then too late in the congressional session to expect to secure the passage of a bill covering our case.

"I have now caused a resolution to be introduced in Congress authorizing the President to direct the United States Sugar Equalization Board (Inc.) to take over this transaction and to state an account of our loss and assume the burden.

"Before this resolution was introduced I asked Mr. Armin W. Riley to send me a memorandum of his understanding of the agreement made between the Department of Justice and P. De Ronde & Co. (Inc.). A copy of his letter is appended hereto (Exhibit 5) as is also a copy of a letter sent by Mr. Attorney General Palmer to Senator Moses, setting forth his opinion of our claim (Exhibit 6).

"The following statement is an approximate estimate of the loss which we have sustained subject to final auditing of the account and depending on the price obtained for the 1,000 tons still on hand:

" STATEMENT.

		"APRIL 4, 1921.
5,000 tons (2,240 pounds), equivalent to 11,200,000 pounds at 19½		
cents per pound c. i. f. New York	-----	\$2, 149, 694. 55
Sold 4,000 tons, equivalent to 8,960,000 pounds	-----	514, 575. 00

		1, 635, 119. 55
Storage, interest, and other charges	-----	178, 625. 59

		1, 813, 745. 14
On hand 1,000 tons, equivalent to 2,240,000 pounds, at 7½ cents		
per pound	-----	168, 000. 00

		1, 645, 745. 14

" P. H. DE RONDE.

"Sworn and subscribed to before me this 12th day of September, 1921.

" JAMES F. GILL,

" Notary Public, Nassau County.

"Certificate filed in New York County, No. 186, New York County register's No. 2136. Term expires March 30, 1922."

Mr. PURNELL. What does c. i. f. mean, Mr. De Ronde?

Mr. DE RONDE. That means cost of freight and insurance, sir.

Unless the committee desires it, I will not take the time to read this letter to Senator Moses from the Attorney General and the letter of Mr. Riley. You already have them before you and I think several of you have already read them.

Mr. TINCHER. I think in order to make your statement complete, I would read the letters or at least put in the record here the letters of Mr. Riley and Mr. Palmer.

Mr. DE RONDE. I will submit this entire memorandum for the record then.

Mr. PURNELL. I assume Mr. De Ronde wants to put this entire pamphlet in the record.

Mr. DE RONDE. Yes; I would ask the committee to allow me to put in the record this entire pamphlet. The matter is rather voluminous and I do not care to take the time of the committee to read it all unless they want me to do so.

The CHAIRMAN. Do you request that it be inserted in the record?

Mr. DE RONDE. I do; yes, sir.

The CHAIRMAN. Without objection, it will be so ordered.

(The balance of the pamphlet referred to by Mr. De Ronde, is as follows:)