

# Calendar No. 388.

65th CONGRESS, }  
2d Session. }

SENATE.

{ REPORT  
No. 429.

## WAR RISK INSURANCE.

MAY 6, 1918.—Ordered to be printed.

Mr. SIMMONS, from the Committee on Finance, submitted the following

### REPORT.

[To accompany H. R. 11245.]

Your committee having had under consideration House bill 11245, which passed the House April 17, 1918, and was introduced into the Senate, read twice, and referred to the Committee on Finance, recommend its passage, without amendment.

Your committee adopts as its report the report made to the House or Representatives, being Report No. 471, Sixty-fifth Congress, second session, by Mr. Rayburn, and which was as follows:

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 11245) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department, approved September second, nineteen hundred and fourteen, and for other purposes," having considered the same, report thereon with a recommendation that it pass.

The bill has the approval of the Treasury Department, as will appear by the letter attached and which is made a part of this report.

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, March 18, 1918.

MY DEAR MR. SIMS: I write to bespeak your good offices for the proposed amendment to the war-risk insurance act designed to circumvent the sharks who are already seeking to prey upon the beneficiaries of the allowance allotment, compensation, and insurance provisions of the act, which has been called to your attention at my request by the counsel of that bureau.

The evils of the situation are pressing. Unscrupulous attorneys and claim agents are circularizing prospective claimants with literature in which they seek to neutralize the warnings of the department by assertions that their employment will facilitate the prompt allowance of the claims. The heartlessness and rapacity of these persons knows no bounds. In some instances their breakneck rush for employment has led them to the length of crucifying the wives and mothers of those in the service by false announcement that their husbands or sons have already fallen, and in almost all cases they are seeking to mulct the unwary out of hundreds of dollars for services that are either entirely unnecessary or would be amply remunerated by a nominal fee.

While the existing legislation contains some penal provisions, and while prosecution under those provisions are in prospect, it is in my opinion entirely inadequate, for it leaves room for doubt upon questions that should be made unmistakably clear and

makes difficult the enforcement of penalties which should be meted out with such certainty and inevitability as to render these practices too dangerous to be contemplated even by the most heartless and the most rapacious.

The amendment which I am proposing herewith will, I think, supply an adequate deterrent, and I venture to hope that it will be pressed for passage as speedily as possible.

Very truly, yours,

W. G. McADOO, Secretary.

Hon. T. W. SIMS,  
Chairman Committee on Interstate  
and Foreign Commerce, House of Representatives.

The great necessity for legislation of this character is of course evidenced by the letter of Secretary McAdoo. Many complaints have come to Members of Congress and to the War-Risk Bureau from unfortunate people who have lost relatives since the war began, in which these firms of lawyers or agencies are trying to do what is little short of fraud and graft. They find out the name of a soldier who has died or has been killed, and immediately take up with the family the question of their appearing before the bureau in order that their claim may be adjusted, and at the same time creating the impression that it is necessary for these people to employ an attorney and pay him 10 per cent of all that is recovered. As a fee for the preparation of papers which the bureau will send these people, the committee has fixed a maximum charge of \$3, which we believe is ample for the work that will be necessitated in filling out these papers. If the case goes to court, the amendment follows the language to some extent, as in section 405 of article 4 of the original act, which allows the court to place a fee for an attorney with 10 per cent of the amount recovered as a maximum. We believe with this amendment to section 13, that this vicious practice of organizations of the kind named above will practically cease. As evidence of what representations these unscrupulous attorneys are making, I insert here copy of some of the letters and proposed contracts that are being mailed out by one of these firms:

WASHINGTON, March 11, 1918.

Mrs. Jos. YOUNG:

We regret to note the recent loss of a member of your family in the service of the United States. His accounts, including arrears of pay, extra pay, travel pay, etc., remain to be settled by the Treasury Department. We will be glad to represent you in collecting all that may be due under existing law, ruling, and decisions, and we inclose the proper application form, which please sign and swear to, in the presence of two witnesses, before any convenient notary public or justice of the peace, and promptly return to us.

At the same time please date, sign, and return the agreement as to fee, which you will note is moderate and payable only in accordance with the terms of the agreement. It need not be sworn to. We will instruct you, after filing the claim, as to such proof, if any, as may be necessary to establish your right to receive the money due.

Hoping to have the pleasure of serving you,

Very truly, yours,

[Fill, date, and sign blank below and mail to \_\_\_\_\_.]

AGREEMENT AS TO ATTORNEY'S FEE.

MARCH 11, 1918.

Upon the allowance and payment to me of my claim for arrears of pay, etc., I promise and agree to pay my attorneys, \_\_\_\_\_, of Washington, D. C., in consideration of their services in the prosecution of said claim, 10 per centum of the amount received by me, less \$1, which I herewith inclose, and which amount is to be credited on the above stipulated fee.

.....  
Name.

Two witnesses:

.....

.....  
Late.....Co.....Regt.....Vol.....

.....  
Address

[Reference slips.]

OFFICE OF \_\_\_\_\_, SOLICITORS OF PATENTS AND CLAIMS,  
March 11, 1918.

The attached application for compensation should be filled out and sworn to before any convenient notary public, justice of the peace, or other officer authorized to administer oaths for general purposes, and returned to us in the inclosed envelope, by the widow of the deceased, and if she was substantially dependent upon the deceased. If there is any doubt as to this, give us full particulars before executing the application.

Respectfully,

\_\_\_\_\_, Attorneys.

Established 1864.

N. B.—Our fee will probably not exceed \$25, payable out of the amount awarded the applicant.

Claim of ..... Late ..... Co., ..... Regt.

..... Vol. for .....

Section 405 of article 4 of the original act, providing for allotments, compensation, and insurance for soldiers, reads as follows:

"SEC. 405. That in the event of disagreement as to a claim under the contract of insurance between the bureau and any beneficiary or beneficiaries thereunder, an action on the claim may be brought against the United States in the district court of the United States in and for the district in which such beneficiaries or any one of them resides. The court, as a part of its judgment, shall determine and allow such reasonable attorney's fees, not to exceed ten per centum of the amount recovered, to be paid by the claimant on behalf of whom such proceedings are instituted to his attorney; and it shall be unlawful for the attorney or for any other person acting as claim agent or otherwise to ask for, contract for, or receive any other compensation because of such action. No other compensation or fee shall be charged or received by any person except such as may be authorized by the commissioner in regulations to be promulgated by him. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall, for each and every such offense, be fined not exceeding \$500, or be imprisoned at hard labor not exceeding two years, or both, in the discretion of the court."

With the amendments, which we have made to section 13, we believe that section 405 of article 4 becomes unnecessary, hence section 2 of the bill providing for the repeal of section 405 of article 4.

The necessity for legislation along these lines is so pressing, for the fact stated above and the necessity for preventing these practices, that both the bureau and the committee ask that the House enact this legislation as speedily as possible.

