

[page 1]

S. T. Maxwell, Vice-President

F. D. Layton, President

F. B. Seymour, Secy.-Treas.

National Fire Insurance Co. of Hartford, Western Department

175 West Jackson Blvd. Chicago, Ill.

Geo. H. Bell, Manager

D. H. Dresser, L. R. Hanawalt, E. J. Silhanek, Assistant Managers

W. H. Roadifer, Comptroller

J. W. Schwickrath, Agent, Tipton, Missouri

Oct. 30. 36

Stark for Governor Organization

Jefferson City Mo.

Gentlemen,

Enclosed find a copy of "The Truth" mailed to all members of the Knights of Columbus in the State. We are using this as well as any other papers and pamphlets on the insurance issue. So many of the farmers have mutual insurance in our locality that it became a greater issue than we had expected.

Now the issue is practicaly a dead one.

Will continue our fight until the polls close.

Sincerely

The Schwickraths

By JW Schwickrath

P.S. Notice the paragraph on last page.

There is Only One National

[page 2]

The Truth

Notice last paragraph WS

Supreme Council Knights of Columbus, New Haven, Conn.

[page 3]

WILLIAM J. McGINLEY Supreme Secretary

Knights of Columbus

NEW HAVEN, CONN.

October 21, 1936.

DEAR SIR AND BROTHER:

Enclosed herewith you will find copy of statement given to the Associated Press with regard to notice received from R. E. O'Malley, Superintendent of Insurance of the State of Missouri.

The fact that Mr. O'Malley should send his deputies to New Haven to examine the records of our Order was not a surprise to us. The newspapers published an article two months ago to the effect that he intended to do so. In order that you may understand fully the situation as it affects our Order, we desire to state that about five years ago Mr. O'Malley had some trouble with regard to his membership in a branch of the Order and although no present officer of the Order had anything to do with that matter, except that on appeal the regularity of the proceedings were approved, he has ever since shown an attitude of hostility toward the officers of the Order.

During the 1935 session of the Missouri Legislature, he introduced a bill, the purpose and effect of which would have been to destroy the system of laws relating to fraternal societies, which are the same as those in effect in practically all of the states. Although we felt that that undertaking was prompted by antipathy to the Knights of Columbus and its officers, our Order took no active part in the campaign that was undertaken to prevent the passage of that law, knowing that other fraternal societies were taking care of the matter and desiring so far as possible to avoid any direct attack by Mr. O'Malley. When the bill was defeated, he made violent threats against the fraternal societies and he sent a corps of deputies to the home office of one society to examine its records. Those deputies remained there several months at a cost to the society of a great many thousands of dollars. When his deputies made their report he cited the society to appear before him. It refused to do so, stating that he was prejudiced and unfair and that he could not be expected to render an unbiased opinion. He immediately forfeited the license of that society to do business in Missouri.

There has never been any question as to the soundness of the Knights of Columbus by any one. Its books have been examined each three years by the Insurance Department of the state of Connecticut in accordance with the practice and custom of that department and on every occasion a most favorable report has been made concerning its management and the manner in which its business is conducted. A copy of each of these reports is furnished to the Insurance Departments of the various states, including Missouri.

Early in the year 1935, Mr. O'Malley began correspondence with the then Insurance Commissioner of Connecticut, Mr. Howard P. Dunham, with reference to the Knights of Columbus and at that time, Mr. Dunham made the following statement to Mr. O'Malley:

“The Knights of Columbus is the strongest and best managed fraternal society in the United States. It is examined thoroughly every three years. At the end of 1934, it was 118.9 percent solvent on the American Experience Table at 4 percent after setting up contingency reserves of \$898,686.00.”

Early in the fall of 1935, Mr. O'Malley began to threaten to have the books and records of the Knights of Columbus examined. The matter was not pressed at that time. However, during the past summer, after the Knights of Columbus had joined with other fraternal societies in an endeavor to prevent the election of any candidate for Governor who was opposed to the fraternal system and who would not pledge himself not to appoint to office any person who is prejudiced against that system or who favors the imposition of taxes upon assessments by fraternal societies, Mr. O'Malley began sending telegrams to the Supreme Officers criticizing the policies of

[page 4]

the Supreme Council, and in each instance giving the telegrams to the press. He sent such a letter to this office and mailed a copy of it to the Grand Knights throughout the state of Missouri. He also arranged to have a resolution condemning the Supreme Council for its action in attempting to protect the fraternal system and in raising its voice in protest against the persecution of the Catholic people in Mexico promoted by a deputy in his department, who is a Past Grand Knight of the Council, and that deputy then sent a copy of the resolution to every council of the Order in Missouri. Thereafter, the announcement was made from his department that he was sending deputies to New Haven to examine the books of our Order, notwithstanding that he knew that the regular triennial examination had only recently been made under the direction of the Insurance Commissioner of Connecticut and Mr. O'Malley received a copy of the report concerning the same which ended with this statement:

“We are satisfied, as a result of our examination, that this Society is in a good financial condition and that its affairs have been efficiently and ably managed.”

Regardless of this fact, he announced that he was sending four deputies to New Haven to examine our books and that two other deputies would leave shortly thereafter. One of these deputies was the Past Grand Knight who had promoted the resolution in his council and who permitted the same to be distributed over his name by Mr. O'Malley's Department. Each of these examiners is paid \$25.00 per day in addition to his traveling and hotel expense, so that if these six examiners were permitted to work on our books, it would cost the Order not less than \$150.00 per day.

We consider this to be an utterly unjust examination, without any good purpose and calculated merely to annoy the Supreme Council in the management and conduct of its business and to furnish jobs for Mr. O'Malley's examiners. Accordingly, when the examiners presented themselves at New Haven, they were told that the examination would not be permitted. Thereupon Mr. O'Malley suspended the license of the Knights of Columbus to transact business in Missouri, which affects the initiation of insurance members only. However, the law gives you the right to carry on all other business of your council and of the Order, including the initiation of associate applicants, the collection of dues from associate members and dues and assessments from insurance members.

If any question should arise in connection with this matter, please communicate with me at once.

Fraternally yours,
Wm J McGinley
Supreme Secretary.

[page 5]

Statement to Associated Press

The following statement was given to the Associated Press on Friday, October 16th, by Supreme Advocate Luke E. Hart, but inasmuch as it was not carried in full in all papers we print it here for your information.

The action of Mr. O'Malley in seeking to examine the books of the Knights of Columbus and in suspending the license of the Order to do business in Missouri when it refused to allow such an examination to be made is a part of a campaign of petty persecution that he has carried on against the society almost ever since he became Superintendent of Insurance and it is the result of his resentment because of an action taken some time ago in Kansas City involving his membership in a branch of the Order.

The Knights of Columbus has in force \$275,000,000.00 of insurance. Its assets amount to more than \$40,000,000.00. Its assets exceed its actuarial liability by twenty percent. Its assets could be liquidated on the present market at a profit of more than \$1,000,000.00 in excess of what they cost the Order. No other insurance organization or financial institution of comparable size could make such a showing. The Knights of Columbus rank as one of the strongest fraternal societies in the world. In a letter which a former Insurance Commissioner of Connecticut wrote to Mr. O'Malley in March, 1935, he said:

“The Knights of Columbus is the strongest and best managed fraternal society in the United States.”

The editor of a standard magazine devoted to the insurance business made the statement concerning the Knights of Columbus, on October 2nd, that:

“It is not an exaggeration to say that it is the first ranking society of its kind in the world.”

This did not just happen. It is the result of careful and competent management of the affairs of the Order by its officers.

Mr. O'Malley stated a few days ago that the Knights of Columbus had recently been examined by the representatives of a number of Insurance Departments. That is not a fact. However, the Insurance Department of the State of Connecticut has just finished its triennial examination, which is made regularly every three years. A copy of its report was furnished to Mr. O'Malley. No other insurance department except the Missouri Insurance Department, under Mr. O'Malley's direction, has ever requested the privilege of checking the records of the Knights of Columbus or of making an independent investigation of its own.

It is our judgment that this is intended by Mr. O'Malley merely as a capricious examination for the benefit of some of his examiners who would not otherwise be employed.

We are advised by another fraternal society which Mr. O'Malley examined a short time ago that the expense of his examination ran into a very large figure. We can see no reason for an examination which we do not believe will be made in the spirit or intent of the lawmakers of Missouri.

Mr. O'Malley has endeavored to make it appear that this examination is occasioned by the campaign carried on recently under the auspices of the Fraternal Protective Association of Missouri. However, his attitude toward the Knights of Columbus was manifested long before the Fraternal Protective Association of Missouri was ever heard of. Major Stark has given assurance that if he is elected Governor of Missouri he will not appoint as Insurance Commissioner any person who promotes attacks on fraternal societies, but he stated that between now and January 1st we will have to take care of ourselves because he will have no authority over the Insurance Department in the meantime. That is just what the Knights of Columbus proposes to do, and we will not be intimidated or imposed upon by Mr. O'Malley. It is true that he has power to suspend the license of the Knights of Columbus to write new business in Missouri and it appears that we will have to get along in that way until the first of January—when a new Governor will take office. We have the assurance of both General Barrett and Major Stark that after that time the fraternal societies will not be interfered with or imposed upon.

(See COLUMBIA, November issue—Page 13)

[page 6]

COLUMBIA

NEW HAVEN, CONN.