

Tempest in a Teapot? The case vs. Albert Fall, et al.

By: [R. Marc Kantrowitz](#) July 14, 2016

The first of two parts.

Edward L. "Ned" Doheny Jr. and his good friend Hugh Plunkett were tired from their long travels from Los Angeles to New York City to Washington. But they had a job to complete and didn't want to disappoint the prominent figure for whom they were working — Ned's father, Edward Doheny, one of the richest oil men in the world.

Disembarking their train in D.C., they lugged the ungodly sum — it was 1921, after all — of \$100,000 in cash from Ned's bank account in New York, as they headed directly to the seventh floor of the upscale Wardman Park Hotel on prestigious Connecticut Avenue. There they delivered the five tightly bound bundles to Albert Fall, President Warren G. Harding's secretary of the interior.

And thus the beginning, next to Watergate, of our government's greatest scandal.

In mid-1922, Republican Sen. Robert LaFollette was chagrined as the government continually turned over pristine tracks of undeveloped land to conglomerates bent on drilling, cutting and exploitation. He shared his worries with fellow conservationist Thomas Walsh of Montana, and asked him to do something about it.

As head of the Senate Committee on Public Lands and Surveys, Walsh had the power to act, but was reluctant given that he was a Democrat overseeing a committee armed with anti-conservationist Republicans and being asked to dig into a thick marsh of political mud.

The investigation started slowly. Documents were requested, which Secretary Fall provided, handing over a mother lode that took over a year to review and decipher.

Finally Walsh was ready to question Fall, notwithstanding that Fall had left government and returned to his ranch in New Mexico, and that President Harding had died.

On Oct. 23, 1923, the committee started its hearing with only Walsh asking questions of Fall about the leasing of oil reserves at the Navy's oddly shaped Teapot Dome in Wyoming to Harry Sinclair of the Mammoth Oil Co. — and getting him to admit that the single bid had been made in private.

Fall asserted that the secret bid was essential for national security reasons and that he had not gained anything financially from the deal with Sinclair, a major Republican donor. Sinclair backed him up and also denied any wrongdoing, as did Edward Doheny, also the recipient of favorable oil leases.

With the hearings going nowhere — indeed, one member slept through the proceedings — Walsh suffered the added agony of anonymous threats as his home and office were burglarized. Even the press backed Fall.

That is, until questions arose of how Fall could be spending so much money on improvements to his ranch as well as acquiring land. Fall claimed he had received the money from a friend, Edward McLean, a newspaper publisher. When later pushed, McLean admitted that was not true. Fall responded that someone else had lent him the money but refused to reveal the person's identity.

And then Edward Doheny testified that he had been Fall's mysterious benefactor and that his son Ned had delivered the \$100,000 (worth \$1.2 million today). Doheny insisted, however, that it had been a personal loan to a lifelong friend and not a bribe, especially since the oil leases were not directly secured through dealings with Fall.

As for the delivery in cash, Doheny disastrously explained that the amount to him was but a trifle, akin to an ordinary man lending another \$25 or \$50. Doheny produced the promissory note, which oddly lacked Fall's signature. Doheny explained that he ripped it off to protect Fall; if Doheny and his wife should be killed in a train accident, Doheny's executors would go after Fall for the money.

While insisting he received nothing in return for the loan, Doheny admitted that the oil leases stood to earn him a profit of \$100 million over 30 years.

When asked if he had hired any other former cabinet members, Doheny casually replied that he employed the former secretary of the interior, attorney general, secretary of war and Secretary of the Treasury William McAdoo, who coincidentally was then the frontrunner for the Democratic presidential nomination.

With the teapot now boiling, President Calvin Coolidge appointed a special committee to investigate the matter, which it painstakingly did over four years during which several trials resulted.

In 1929, Fall was convicted of accepting a bribe from Doheny and sentenced to one year in jail, making him the first cabinet member to suffer such a fate. Sinclair was also tried but ultimately found not guilty after a mistrial in an earlier trial, due to allegations of his jury tampering for which he was later convicted and sentenced to serve six months.

As for Edward Doheny, he was found not guilty. Fall's 13-year-old granddaughter best summed up the verdict with a question: "[I]f Mr. Doheny is not guilty of giving a bribe, how can grandfather be guilty of accepting one?"

The answer might be found in how the judge instructed the jury: As intent was paramount, one might receive money and believe it a bribe while the other party intended it as a gift.

Or maybe the better answer lay with the giant gusher in the courtroom. For everyone knew that just one year earlier the defendant suffered his greatest setback: the murder of his son at the hands of his son's friend and travel partner so many years before, Hugh Plunkett.

Or was it that simple?

The above column is based on "Dark Side of Fortune" by Margaret Leslie Davis. R. Marc Kantrowitz, a former Appeals Court judge, lectures and writes and is a mediator with the Real Estate Bar Association's dispute resolution service, REBA/DR. He can be contacted at marckantrowitz@comcast.net.



Top row: The Teapot Dome; a young Ned.
Bottom row: Albert Fall; the murder scene; Hugh Plunkett.