

The “Colossal” Case of Agent Richard Parr

By Steven W. Hooper

“Where there is sugar, there are bound to be ants.” – Old Indonesian Proverb.

The world was expanding at a rapid rate in 1909. Ernest Shackleton set a record for going further south on the globe than any other human. Admiral Robert Perry and future U.S. Customs employee Matthew Henson claimed to have discovered the North Pole, and the first cement was laid for the Panama Canal paving the way for more international commerce. Despite these events, newspapers across the nation described a U.S. Treasury Agent as “one of the most interesting characters in this country”.

In 1904, Richard C. Parr (1865-1921) was working for U.S. Customs as a sampler on the New York docks at a salary of \$1,000 per year. Shortly after Parr began his work, he came to suspect that American Sugar Refining Company (aka Sugar Trust) was defrauding U.S. Customs of duty on imported raw sugar by falsifying the weight of the commodity. Sugar had a specific duty rate based on weight so lowering the weight of the imported sugar profited the Sugar Trust while depriving the government of lawful revenue.

The Sugar Trust was not just any ordinary company. They owned or controlled over 98 percent of the sugar refining capacity in the United States and had refineries in several states. The Trust was one of the original fourteen companies included in the first Dow Jones Industrial Average (DJIA). The company marketed their refined sugar under several names including the most prominent Dominos. Henry Osborne (H.O.) Havemeyer, the president of the company, was an enormously powerful and influential industrialist, art collector, and philanthropist.

This potential investigation could have been easily “killed”, but Parr had a “secret weapon”. Parr had attended school in Albany with William Loeb, Jr. who was the personal secretary and “right-hand man” of President Theodore Roosevelt. In early 1905, Parr traveled to Washington, D.C. where he met with Loeb and the President to tell them about his suspicions of the Sugar Trust frauds. Parr requested that he be assigned a special agent position so he could pursue the investigation himself.

The President instructed the Treasury Department to appoint Parr to a special agent position so he could investigate the matter. The Department advised that there were no vacancies, but that Parr would be given the next open agent position. After a few months of not hearing anything, Parr again contacted Loeb and advised that he had additional information about the fraud and was anxious to start the investigation.

This time the President ordered the Department to appoint Parr immediately and give him some experience as an investigative officer. On June 1, 1905, Parr received his appointment and was assigned to Boston as a special agent. As soon as he arrived in Boston, he was immediately transferred to Portland, Maine where he remained until March of 1907. Attempts were made to transfer Parr to other far-flung locations including Cuba, but Parr resisted these transfers. In the spring of 1907, Parr was finally assigned to the agent in charge office in New York to begin the investigation.

On November 20, 1907, the investigation had progressed to the point that Parr and Special Agent James Brzezinski were ready to spring into action. An informant notified them when imported sugar was being fraudulently weighed on one of the Trust's docks in Brooklyn. The investigators quickly moved in and secured the scale. A search revealed a "corset steel" had been inserted into the platform scale by a Trust checker while a U.S. Customs weigher sat nearby and recorded the fraudulent weight for duty purposes. The corset steel acted as a spring mechanism which facilitated the under weighing of the imported sugar. Upon the discovery of the evidence of the scheme, the dock superintendent for the Trust, Oliver Spitzer, offered Parr and Brzezinski \$100,000 to "forget it".

Parr declined the bribery attempt, but Brzezinski seemed reluctant to decline the offer. The investigation continued and revealed that the scheme to defraud the government was massive. The scheme had been in operation for years and involved numerous Sugar Trust employees. The *Tacoma Times* reported on November 29, 1909, that "the enormity of the fraud is apparent when you realize that during the last six years the Trust passed more than 75,000,000 pounds of sugar over the scales on which not a cent of duty was paid".

Here is how the scheme worked. When imported raw sugar in burlap bags arrived at the Trust's docks by steamers, it was unloaded and taken by handcarts to a weighing house on the pier and placed on a scale. The Trust operated seventeen piers at their facility, all of which had a weighing house containing a scale that they owned and controlled. A U.S. Customs weigher and a "checker" who worked for the Trust operated the scales when they were in use for foreign sugar. As the Customs weigher adjusted the scale to gage the weight of the sugar, the checker would surreptitiously insert a "corset steel" into the scale mechanism causing the weight of the sugar to be reduced by four to thirty pounds. The Trust then paid duty based on the fraudulent weight.

Agent Parr's criminal and civil pursuit of justice would not be without problems. There were attempts to have him transferred to remote locations, take him off the case as well as physical threats against him and his family and additional bribe attempts. His office desk at the customhouse was burglarized and evidence removed. He was under almost constant surveillance by private detectives. Shockingly, Agent Brzezinski later would be charged with perjury because of his testimony at the trial of the Sugar Trust conspirators and he was sentenced to federal prison.

Parr kept Loeb informed about the progress of the investigation and Loeb kept the President informed of Parr's progress. When Parr encountered resistance, Loeb and the President worked with the Secretary of the Treasury to clear the path for a full and fair finding of facts.

As a result of Parr's investigation, over 4 million dollars was recovered by the government. Today's value would be approximately \$122,000,000. Criminal prosecutions were carried out against "every living person" who was aware of the frauds. Individuals fined and/or charged in the sugar fraud schemes included not only top officials of the Trust but also other private sector and government officials. Henry O. Havemeyer, the president of the Trust, was stricken with heart problems the day of the raid and he died ten days later.

In 1909, Loeb was appointed Collector of Customs for New York by President Taft. As a reward for his success, Parr received \$100,000 in moiety payments from the Department of Treasury and was promoted by Loeb to the position of Deputy Surveyor (Inspector) at the Port of New York with a salary of \$3,500 per year.

In his book *The Autobiography of Theodore Roosevelt* (1913), the former president wrote that Parr's investigation uncovered "what were probably the most colossal frauds ever perpetrated in the Customs Service". Press reports from around the nation lauded Agent Parr for his integrity and dogged pursuit of the sugar fraud investigations despite the many traps and snares that were set for him.

The old Indonesian proverb was again validated in 1983 when the Special Agent in Charge office in New Orleans initiated a sugar fraud investigation known as "Operation Bittersweet". This operation uncovered various nationwide schemes to defraud the government of duty on imported sugar. As a result, 16 individuals were convicted of crimes and over \$16 million was recovered from violators.

Richard Parr died in 1921 at the age of 56 in New York City. Parr's work as a special agent will forever stand as an example of the bravery, tenacity, and honesty that we have come to expect from all U.S. Custom officers.

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