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THE TEAPOT DOME SCANDAL: THE SUPREME COURT'S PRECEDENT THAT CHANGED THE POLITICAL CORRUPTION PROSECUTION BECAUSE OF SOCIAL PRESSURE

*Jesus Rodolfo Jimenez-Andrade**

Introduction

Corruption, its pervasiveness, and deterrence in the United States (U.S.) have captivated politicians, mass media, public opinion, and academia since the Watergate scandal in the 1970s, marking the end of Richard Nixon's Presidency (Kelman, 1976). This event, categorized by the system manipulation to obtain financial and political benefits by high-ranked officials corruptly, marked the beginning of an anti-corruption regulatory agenda in the country (Erskine, 1973; Heymann 1996; Roudaki and Cooper, 2022). In the aftermath, the social pressure successfully demanded that regulators endure bribery-related crimes to prevent an analogous situation from happening again (Pontell, Tillman, and Ghazi-Tehrani, 2021). In a prompt response, besides strengthening the Racketeer Influenced and Corrupt Organizations Act of 1970, Congress enacted the Foreign Corrupt Practices Act in 1977 (Blakey and Gettings, 1980). However, the Watergate scandal does not represent the first massively known corruption scandal involving politicians and public opinion.

During the 1920s, American society witnessed what is known as the first and largest corruption scandal in its history. The 'Teapot Dome' scandal occupied public scrutiny when the Secretary of Interior Albert Bacon Fall (Republican) was involved in several bribery schemes sentencing him to serve several years in prison plus civil restitution charges. Despite massive press coverage and social involvement, the U.S. corruption regulatory system remained unchanged. Explaining the absence of evolution in the bribery-related crimes regulatory system after this event represents the central motivation of this study by presenting the research question what retrospective factors explain the delay in the development of the U.S. regulation against corruption?

The study relies on several historical archives surrounding the Teapot Dome event to address the causes that explain the corruption regulatory silence. The first consulted document represents the Mineral Leasing Act of 1920, which allowed the executive branch to transmit exploitation rights of public lands. After this

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enactment, the second consulted document is Executive Order No. 3474, signed by President Warren Harding on May 31, 1921, to transfer the sole power for transmitting the leasing rights to the Secretary of Interior Albert B. Fall. After two companies shadily received the exploitation rights of the Teapot Dome lands, the U.S. Senate started a formal investigation led by Senators Robert M. La Follette (Republican) and Thomas J. Walsh (Democrat) in 1924. The third consulted document consists of the Congress outcome. The last consulted archive corresponds to the final U.S. Supreme Congress pronunciation that ultimately convicted Fall with criminal and civil charges.

The study's structure first presents selected Teapot Dome literature and the role of media over social pressure in public policy. The following segment details the consulted archives and selected methodology for answering the central research question. This last section also explains a supplementary methodology to enhance the quality of the findings. The formal presentation of the findings and the discussion section conclude this study.

Selected Literature

To understand the retrospective factors behind the delay of the regulatory endurance against corruption, this section elaborates on specialized accumulated theoretical knowledge of the event and its surrounding circumstances. This portion of the study also details the overall current understanding of regulatory evolution promoted by social demand in prosecuting political wrongdoings during the era of mass media. The last segments are dedicated to supporting the reasoning behind the relevancy of the study's research question in connection with expanding the current scholarly comprehension of bribery deterrence in society.

The Teapot Dome Scandal

Early studies exploring the Teapot Dome scandal are eloquent in presenting details of the investigation. Noggle (1957) centers the event under the republican political term of U.S. President Warren G. Harding in the early 1920s. Under his cabinet administration, President Harding appointed Albert Bacon Fall as Secretary of the Interior (Pecquet and Thies, 2016). This title grants executive-managerial power of the nation's federal land and natural resources to whoever occupies the office (Learned, 1911).

The appointment of Albert B. Fall followed his military and political career in the republican party. President Harding included him in the executive cabinet during his administration because of his credentials in public service in territorial matters (Philp, 1970). He served as a former captain with plenty of military experience in the Spanish-American War. In addition, his training as a lawyer consisted of dealing with judicial territory conflicts occupying several high-level public distinctions (judge, associate justice of a state-level supreme court, and state attorney general). In 1912, Fall became Senator of New Mexico by-election until the Secretary of Interior appointment in 1920.

In the awakening of the Warren G. Harding presidency in 1921, he signed an executive order to transfer the control of two major oil reserves named the Teapot

Dome (Wyoming) and Elk Hills (California) from the Department of the Navy to the Department of the Interior (Bates, 1955). Curry (1970) deposits certain historical relevance of the Teapot Dome property. This land is one of the most prominent oil fields in the country because of its 9,000 acres of surface and proven reserves of 45 million barrels of crude. The transfer consisted of leasing both properties to oil companies for private exploitation instead of the original military-supply objective (Noggle, 1957).

After the Department of Interior controlled the lands, Albert B. Fall leased the federal property to two private companies without public consultation. Harry Sinclair from Mammoth Oil (known today as HF Sinclair Corporation Dino) assumed exploitation rights of the Teapot Dome. Edward L. Doheny representing Pan American Petroleum and Transport Company (known later as Amoco and ultimately acquired by British Petroleum), obtained the rights for Elk Hills. The legal support behind leasing these properties followed the Mineral Leasing Act of 1920, signed by President Woodrow Wilson, which authorized federal government officials to sign such contractual agreements (Berger, 1983). In general, this regulation allowed private exploitation of the nations' properties in exchange for royalties based on a certain percentage of the profits for up to ten years (Sperling and Cooney, 1966). The transaction for leasing the two properties operated under elevated levels of secrecy between Fall and the investors.

Noggle (1957) details the specific factors for the beginning of the investigation. In summary, once leased the properties, Democrat Senator John B. Kendrick of Wyoming received numerous constituents' complaints regarding the rumors of the leasing process (Noggle, 1957). The telegrams suggested a lack of competitors' access to the bidding process and overly reduced leasing rates. Simultaneously, Democrat Senator Robert E. La Follette of Wisconsin opposed the current oil policy and initiated an alternative investigation concerning several news articles transmitting the cited properties to private interests. According to Noggle (1957), Senators La Follette and Kendrick gathered sufficient documental evidence, such as the leasing contracts and witnesses, to convince the Senate House to open a formal investigation against Fall, the companies that received the contracts, and the entire U.S. oil policy. The Senate initially appointed the Democrat Senator Thomas J. Walsh of Montana as a lead investigator. Once the investigation was completed, Owen J. Roberts and Atlee Pomerene represented the main criminal and civil prosecutors. The three main defendants were Albert B. Fall, Harry Sinclair, and Edward L. Doheny.

Federal prosecutors encountered several irregularities during the investigation of the leasing agreements. The investigation results alleged one loan between Sinclair and Fall for \$233,000 in Liberty Bonds for one-third interest plus \$300,000 in the company's stocks at the time of signing leases. Between Doheny and Fall, another credit for \$100,000 with similarly meager rates conditions. The loan terms did not reflect periodicity or payment back conditions in both cases.

After several years of investigation, Senate hearings, and civil and criminal federal courts, including the U.S. Supreme Court, in 1930, a Court of Appeal

issued a final verdict. Albert B. Fall was civil and criminally convicted on accounts of fraud and conspiracy to pay a fine (of \$100,000 never delivered because of claiming legal bankruptcy) and to be one year in jail after pleading not guilty (he was granted an initial release after nine months). A civil court finally annulled the leasing contracts demanding the restitution of the lands from Harry Sinclair and Edward Doheny. President Calvin Coolidge revoked Harding's executive order to lease the lands and urged Congress to modify the Mineral Leasing Act of 1920. The anti-corruption regulatory body in the U.S. remained substantially unchanged until the Watergate scandal.

Corruption, Media, Social Pressure and Public Policy

The forces promoting U.S. public policy transformation include social pressure as an agent of change (Givel, 2010). Although alternative sources embrace economic factors, research systems, international organisms, and isomorphism, social involvement differs from them substantially (Lepori et al., 2007). Public intervention varies from other influences to promote regulation change because of the absence of pre-established replicated (or theoretical) models. Society instead dictates how regulators should balance the normative agenda (Givel, 2010). In this sense, regulatory bodies prefer to follow the social temper to avoid unnecessary political costs by justifying that legitimate legal action aligns with social demands.

In this academic line of public policy, multiple studies focus on the role of media as a driver of social opinion. A plethora of evidence suggests a direct correlation between the volume and tone of media over social activism to stimulate regulatory transformations. Brown and Deegan (1998) associate media exposition with raising society's awareness of environmental issues translated into sustainability reporting mandates in Australia. Pattern (2002) elaborates on the role of media in local activism, promoting the transformation of the U.S. toxic-waste regulations of 1986. (The European Union agricultural reform followed the same process where reform). Mass media, in these cases, represent the direct driver of society's judgment rather than the other way around.

In terms of anti-corruption public policies reacting to social demands and media, the most prominent example represents the Watergate scandal that occurred under the Presidency of Richard Nixon in the 1970s (Kelman, 1976). The wrongdoing reached public scrutiny after several individuals trespassed into the Democratic National Committee headquarters (Gaughan, 2016). After getting caught by the local police and investigated by the Federal Bureau of Investigation (FBI), the burglars' bank accounts had a direct connection with President Nixon. The main bank account used to pay the trespassers was the same bank account used to fund the President's reelection campaign. In a subsequent discovery, the FBI revealed that the campaign account also served to launder money from secret and illegal contributions. The U.S. Senate conducted an exhaustive investigation into President Nixon's campaign. Once concluded, the U.S. Supreme Court ruled against President Nixon and many top-ranked political officials in 1974 (Erskine, 1973; Heymann 1996). The investigation revealed millions of illegal undisclosed contributions. The most renowned contributors included American Airlines, 3M,

Disney, and Anheuser-Busch, amongst many others. Witnesses employed by these corporations alleged that the contributions were made to avoid retaliation from the President's administration. In the aftermath of the Watergate scandal, the U.S. anti-corruption regulatory system evolved tremendously because of social demand triggered by the media (Roudaki and Cooper, 2022). The entire process captivated the entire media's attention. Academia poses the success of political reforms as a consequence of the media and social intervention (Dean, 2000; Fijnaut and Huberts, 2000). These key players demanded every branch of the government transparency using the term 'the right to know.'

Bates (1955) presents an unresolved question accentuated in the Watergate pos-event literature. In the presence of social demands observed during the Watergate, the reasons for the absence of anti-corruption regulation after the Teapot Dome scandal in the 1920s remain unclear. The study's motivation central research question relies on this concern and what hat retrospective factors explain the delay in the development of the U.S. regulation against corruption?

Consulted Documents and Methodology

To obtain sufficient detail on the 'Teapot Dome' event, several official public archives represent the formal sources. The methodology to assess this collected data relies on a causal chain analysis of sequencing events. A supplementary methodological approach of consulted sources (also known as reference analysis) triangulation enriches the quality of the findings. This section offers deeper details of this stage of the study.

Consulted Documents

The sequence of consulted documents begins with the Mineral Leasing Act of 1920 (Mineral Leasing Act, 1920), enacted by President Woodrow. Before the promulgation, the U.S. Senate and U.S. Congress approved this enactment. This source enabled the executive branch to transmit to private companies the exploitation rights of the common public lands in exchange for compensation (Garner, 1975). The subsequent archive represents the Executive Order No. 3474, signed by President Warren Harding on May 31, 1921 (Known as Executive Order No. 3474—Transferring Naval Petroleum Reserves in California and Wyoming, and Naval Shale Reserves in Colorado and Utah, Under the Control of the Interior Secretary, Under Supervision of the President). This precedent authorized the Secretary of Interior to transmit the Naval petroleum reserves No. 1 (located in California), 2 (located in California), and 3 (located in Wyoming—Known as the Teapot Dome). These two events (Mineral Leasing Act, 1940; Exec. Order No. 3474, 1921) occurred before Albert B. Fall leased the lands to anyone.

Once Albert B. Fall leased the Naval petroleum reserves and the intervention of the U.S. Senate regarding the transaction, the next consulted archive represents the outcome of the investigation. After several hearings and a full inquiry by Senator Harry M. Daugherty, the U.S. Senate issued in 1924 a document entitled "Investigation of Hon. Harry M. Daugherty Formerly Attorney General of the United States Hearings Before the Select Committee on Investigation of the

Attorney General United States Senate.” This archive details the U.S. Senate’s efforts to reject the civil and criminal innocence of Albert B. Fall in a lower judicial court in 1923 (U.S. Senate 68th Congress, 1924).

In the documenting sequence, the next source represented the U.S. Supreme Court resolution to the last appeal (or resource) of Albert B. Fall to avoid conviction. The U.S. Court of Appeals of the District of Columbia indicted Fall on April 6, 1931 (Fall v. United States). This document convicts Fall for Bribery under Leo A. Rover (U.S. Attorney of Washington, D.C.) and Atlee Pomerene (U.S. Senator of Cleveland, Ohio), representing the United States before Justice Charles Henry Robb and Justice Josiah Alexander Van Orsdel. The list of every bribery-related legal case from 1931 to 1972 (before the Watergate anti-corruption regulation) comprehends the last segment of consulted documents where Fall v. United States (1931) serves as a support for confirming the corruption sentence.

Methodology

The applied methodology is an adapted causal chain analysis for understanding sequential institutionalism. Mahoney, Mohamedali, and Nguyen (2016) recommend this approach to observe the evolution of institutions that occur in sequence when events have unique timely identification, lack overlapping, and contain a logical precedent interlock. This study’s methodology adaptation is to analyze the origin of a regulation rather than an institution. This analysis is possible because the precedents anteceding each event derive from formally interconnected documented sources reached a predetermined end, representing this as the main unit of analysis (Fioretos, Falleti, and Sheingate, 2016).

In this case, the methodological sequence begins by narrowing the analysis to a specific trigger: the enactment of the Mineral Leasing Act of 1940. This Act was the legal antecedent of Executive Order No. 3474, signed in 1921, which led to the leasing of the land. Then, the U.S. Senate’s investigation in 1924 followed the leased contracts of the Teapot Dome. The investigation document motivated the U.S. Supreme Court’s pronouncement, which represents the central unit of analysis of this study. Findings are drawn by analyzing the segments in the text that relate to the central research question, what were the retrospective factors that explain the delay in the development of the U.S. bribery prosecution process?

Supplemental Methodology

To enrich the quality of the findings, a supplementary triangulation methodology encompasses this study. The extra analysis involves analyzing subsequent legal cases that cited a previous precedent using the U.S. Supreme Court’s final sentence against Albert B. Fall in 1931 following the fundamentals in Fowler et al. (2007). The specific observed data relies on an archival-cite source methodology of the U.S. Supreme Court of Appeals from 1931 and 1974, where Fall v. United States (1931) serves as a precedent. By observing these legal documents, it will be possible to observe whether citing the Teapot Dome event resulted in confirming or granting an appeal after a bribery-related judicial sentence in the absence of anti-corruption regulations. This extra analysis increases the quality of

the findings regarding the legal enforcement and tools for prosecuting bribery in the U.S. between the Teapot Dome and the Watergate scandals.

Findings

From the collected and analyzed data, this study's central findings show that the efforts of the U.S. against corruption did not stop because of silent regulation. The prosecution of bribery-related crimes relied on the U.S. Supreme Court's efforts that dissected the complexity of the wrongdoings during the Teapot Dome scandal based on the U.S. Senate's investigation. The outcome of this process allowed the assessment of multiple criminal charges involving a corruption act. The criminal charges discovered by the prosecutors, besides the bribe itself, included conspiracy, abusing the power of an executive officer, and fair-market competition violation. Ultimately pronouncing and convicting Albert B. Fall, the U.S. Supreme Court set a legal precedent reinforcing the judicial system, compensating for flaws associated with the absence of anti-corruption regulation. Without the participation of the judicial branch of the government, the corruption of Albert B. Fall and others after him would have ended unpunished. Deeper details of the findings are presented below.

Finding 1. Without an anti-corruption regulation, the U.S. Judicial system (Supreme Court) covered potential prosecution flaws during the trial.

To support the relevance of the U.S. judicial system in the absence of comprehensive anti-corruption regulations, the central consulted source represents the U.S. Supreme Court's pronouncement to finalize Albert Fall's trial. The court resolved to deny the last appeal in the bribery conviction on April 6, 1931. The Court of Appeals of the District of Columbia ratified the Supreme Court of the District of Columbia's sentence for bribery violations. The supported sentence consisted of imprisonment for one year and paying a fine of \$100,000. The denial of the appeal ended a ten-year legal process because of several legal ambiguities applied by the defendants (Albert Fall, Mammoth Oil-Sinclair Oil Corp, represented by H.F. Sinclair, and Edward L. Doheny representing Pan American Petroleum and Transport Co). The first defense element dates May 31, 1921, with the presidential Executive Order 3474—Transferring Naval Petroleum Reserves in California and Wyoming, and Naval Shale Reserves in Colorado and Utah, Under the Control of the Interior Secretary, Under the Supervision of the President. President Harding signed (Exec. Order No. 3474, 1921):

The Secretary of the Interior is authorized and directed to perform any and all acts necessary for the protection, conservation, and administration of the said reserves subject to the conditions and limitations contained in this order and the existing laws or such laws as may hereafter be enacted by Congress pertaining thereto.



WARREN G. HARDING
THE WHITE HOUSE,



May 31, 1921.

The executive order provided authority to the Secretary of Interior to act on behalf of the President for operating and managing the state-owned lands. This legal element granted Albert Fall the legitimate capacity to select the companies that could lease and exploit the property. In addition, the leasing of the property followed the fundamentals contained in the Mineral Leasing Act of 1920, issued by the U.S. Congress. The Act stated the following (Mineral Leasing Act, 1920):

Sec 13 That the Secretary of the Interior is hereby authorized, under such necessary and proper rules and regulations as he may prescribe, to grant to any applicant qualified under this act a prospective permit, which shall give the exclusive right, for a period not exceeding two years, to prospect for oil or gas not to exceed two thousand five hundred and sixty acres of land wherein such deposits belong to the United States . . .

The President's executive order and the enactment of the Congress represented the most influential legal defenses of Fall during the trial. Furthermore, during the hearing of the Senate investigation, the limited evidence of receiving money for granting the leasing contracts complicated the judicial trial. The defense's main arguments consisted of the limited traceability of the payments and the legitimacy of the loan (if it existed). The congressional investigation report presents the defense arguments from Albert B. Fall excerpts as follows (CIR, 1924):

The deposition Mr. McLean was taken at Palm Beach, Florida, in the course of which he said that he had loaned Fall \$100,000, and had given him three checks for that amount, but that the checks had been returned to him and had never been cashed and that as a matter of fact he did not loan Mr. Fall any money.

. . .

Then came Mr. Doheny, who told us that on the 30th day of November 1921, which it will be observed was immediately before the purchase of the property in New Mexico by Mr. Fall, he loaned Secretary Fall \$100,000. An item of evidence, Mr. President, which has not yet been presented, I feel compelled to submit at this time. Mr. Doheny states that this was, of course, after he had entered into the lease of June, 1921.

. . .

Mr. CARAWAY. I was just going to suggest to the Senator that Doheny

said he loaned this man Fall the money because for 40 years they had been friends, and that Fall was broke, and lending \$100,000 with him was like another man lending \$5.

The U.S. Senate delegated to the judicial system the trial process once their investigation ended. The appointed Court received and processed the Congressional report to formally prosecute the involved parties. The defendant Albert Fall used the legitimacy of the leasing contracts as a defending argument to invalidate the process. In the absence of undeniable evidence and a limited legal framework, in 1925, Fall was declared not guilty by a grand jury [The government elected to proceed to arraignment and trial on the conspiracy indictment and bribery, the trial resulting in a verdict of not guilty]. The Supreme Court reviewed the process and overturned the civil and criminal sentences stating the following (Fall v. United States, 1931):

Defendant [Albert Fall] then interposed a demurrer to the indictment charging him with bribery on the broad ground that inasmuch as defendant was acting without jurisdiction in the making of the contracts and lease, and in a capacity not authorized by law, he could not be guilty of bribery. This demurrer was overruled, whereupon the defendant submitted four special pleas to the indictment, in substance that the judgment and acquittal in the conspiracy case was *res adjudicata* as to the present case, and that to subject defendant to trial in the bribery case would be to twice put him in jeopardy in violation of the Fifth Amendment of the Constitution of the United States.

As it is possible to observe in Fall v. United States (1931), the grand jury verdict ended overruled because the absence of formal witnesses, documents, and other related documental evidence biased the court decision. The defendants applied in the process the principle of the Fifth Amendment by stating that their testimonies would not be granted if they ended in self-incrimination. In this sense, the Supreme Court determined Fifth Amendment inapplicability because the Constitutional right specifies as an exception land and naval forces matter [V. No person shall be held to answer for a capital or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, *except in cases arising in the land or naval forces*]. Therefore, the grand jury trial was invalid due to the absence of competency. Furthermore, the jurisdiction and process of the trial rely instead on the discretion of the Supreme Court rather than a grand jury. The Supreme Court presented in Fall v. United States (1931) the following allegations:

The indictment further charges that defendant, “without advertisement and request for or permission of competitive proposals and bids,” made a contract with the Pan American Petroleum Transport Company.

The U.S. Supreme Court formulated the bribery case based on a lack of competitive efforts from Fall to grant the contracts. Also, they added that the loan offered by Edward L. Doheny influenced Albert B. Fall’s decision to select the

company that would operate the land freely. Therefore, the Court categorized the lease as “unlawfully and feloniously” obtained. The court text says in *Fall v. United States* (1931) the following:

It is also charged that in pursuance of the authority assumed by defendant and by virtue of the Executive Order, “there then became and was pending before said Albert B. Fall, in his said official capacity, the question and matter of his decision and action upon said negotiations; that Edward L. Doheny, on November 30, 1921, was the president and director of said Pan American Petroleum and Transport Company and was actively engaged in the conduct of its business affairs”; and that Albert B. Fall, as Secretary of the Interior, and in connection with the administration of the Naval Petroleum Reserves located within the state of California, unlawfully and feloniously accepted from Edward L. Doheny, on November 30, 1921, the sum of \$100,000, with intent to have his decision influenced in approving and making the contracts and lease in question between the United States and the Pan American Petroleum Transport Company.

The Supreme Court applied its pronouncing capacity to consider admissible as evidence the lease and the loan. The testimonies of Fall and the company owners also served as evidence. Furthermore, the loan, the circumstances surrounding the lease, and the elements to enunciate the crime were present, declaring immaterial the presumption of innocence. The Supreme Court determined that Albert B. Fall and the granted contracts were illicitly obtained based on bribery. The ratification of the sentence was on the following basis (*Fall v. United States*, 1931):

Defendant was here considering a matter apparently within his jurisdiction, a matter pending before him in his official capacity, and upon which he assumed the official responsibility of rendering a decision. If he accepted money to influence his action, all the elements of the crime of bribery are present. Whether the pending matter is valid or not becomes immaterial since the acceptance of the bribe is to do an unlawful act. In other words, if, as the Supreme Court held in the civil case, he had authority to make a contract, effective to the extent that it required a decree of the court to set it aside, certainly the making of such a contract corruptly could constitute the basis of the crime of bribery.

In silent anti-corruption regulation in the 1920s, the intervention of the U.S. Supreme Court was crucial. Traditional civil and criminal judicial trials involving a grand jury faced limited resources to prosecute bribery accurately. As determined by the jury in *Fall v. United States* (1931), the complexity involved in corruption allegations could easily be wrongfully discarded because, in the absence of a solid witness or incriminatory documents, wrongdoers counted with the protection of the U.S. Constitution by using the principle of non-self-incrimination (Fifth Amendment). In this legal case, the defendants (Fall and the companies receiving the leases) lack any incentive to plead guilty to any charges. Therefore, without the Supreme Court’s interference, the wrongdoers would end up unpunished.

Finding 2. The U.S. Supreme Court could prosecute bribery and establish the legal precedent for subsequent cases because they dissected the elements present during corruption, superseding the absent regulation.

In 1931, before the end of Fall's trial, two lawyers were in charge of the indictment process representing the United States: Leo A. Rover (U.S. Attorney for the District of Columbia) and Atlee Pomerene (Democrat Senator for Ohio). These two lawyers were in charge of dissecting the charges involving bribery. After the legal analysis, the prosecutors charged Albert B. Fall with receiving a bribe by acting as a public official, violating access to fair competition, granting commercial leases in exchange for accepting money, and conspiracy.

The first charge in the dissection process was bribery. In this sense, the prosecutors established that because Albert B. Fall had the title of Secretary of Interior with legal attributes of managing public land (President Harding's Executive Order), he abused his capacities as a public servant in prejudice of the common good by granting the leasing contracts. *Fall v. United States* (1931) displays the following:

It is charged that immediately following the promulgation of the Executive Order of President Harding, Albert B. Fall, in pursuance thereof, as Secretary of the Interior, assumed and undertook the administration and conservation of the properties mentioned in the Executive Orders; and that at the time of the committing of the offense charged he was an officer of the United States in an official capacity, and while acting in that capacity he assumed and undertook to dispose of the so-called royalty oil which had accrued and which was to accrue to the United States.

The next charge represented the violation of access to fair competition. The prosecutors accused Albert B. Fall of not advertising the bid to allow others who wished to participate in a competitive process to obtain exploration rights. By denying access to competitors, the common good lost the capacity to maximize the potential financial benefits of exploiting the lands. The legal charges cite (*Fall v. United States*, 1931):

The indictment further charges that defendant, "without advertisement and request for or permission of competitive proposals and bids," made a contract with the Pan American Petroleum & Transport Company for the construction in the territory of Hawaii of storage tanks of the capacity of 1,500,000 barrels to be filled with fuel oil in consideration of the United States.

The next charge represents the bribery itself. The prosecutors charged Albert B. Fall with receiving financial compensation in exchange for granting exploitation rights to someone in particular. The prosecution charge cites the following (*Fall v. United States*, 1931):

It is also charged that in pursuance of the authority assumed by defendant and by virtue of the Executive Order, "there then became and was pending

before said Albert B. Fall, in his said official capacity, the question and matter of his decision and action upon said negotiations; that Edward L. Doheny, on November 30, 1921, was the president and director of said Pan American Petroleum and Transport Company and was actively engaged in the conduct of its business affairs"; and that Albert B. Fall, as Secretary of the Interior, and in connection with the administration of the Naval Petroleum Reserves located within the state of California, unlawfully and feloniously accepted from Edward L. Doheny, on November 30, 1921, the sum of \$100,000, with intent to have his decision influenced in approving and making the contracts and lease in question between the United States and the Pan American Petroleum & Transport Company, in accordance with the agreements and negotiations theretofore conducted between defendant and Doheny.

The last formal charge represents conspiracy. The prosecution decided to charge conspiracy because more than one person participated in defrauding the common good. The individuals were Albert B. Fall and Edward L. Doheny (president and director of Pan American Petroleum and Transport Company). In *Fall v. United States* (1931), the legal charge verses as follows:

A second indictment was returned by the grand jury for the District of Columbia charging defendant and Edward L. Doheny with conspiracy to defraud the United States in violation of section 37 of the Criminal Code (18 USCA § 88). This indictment in substance charged that defendant and Doheny had agreed on and prior to November 30, 1921, that defendant, in consideration of the payment to him on that date by Doheny of the sum of \$100,000, would award to the Pan American Company the same contracts and lease set out in the bribery indictment.

The prosecutors could legally charge Albert B. Fall (and Edward Doheny) for granting the Teapot Dome exploitation rights during a bribery process because of the dissecting efforts surrounding the overall wrongdoing. By not limiting the charges to only accepting the financial compensation, Leo A. Rover and Atlee Pomerene opened the opportunity for the U.S. Supreme Court to rule against bribery. In this case, the criminal conviction judged by the court created a legal precedent and the basis for prosecuting future bribery-related cases without specific corruption regulations.

Findings 3. The U.S. Supreme Court ruling reinforced the judicial process in silent anti-corruption regulation by generalizing the uniquely bribery-related components present in future cases.

Prosecuting corruption presents several unique challenges to the judicial system. The most controversial arguments are the quality of the documental and testimonial as evidence (self-incrimination issue), the multiple illicit charges (aside from the corruption itself), and the legitimacy of the agreement (or business) as a consequence of the corruption. In *Fall v. United States* (1931), the Supreme Court tackled those issues (as in *Finding 1*). By intervening in the case,

the prosecution system counted on a legal precedent (the Supreme Court pronouncement) for prosecuting future cases.

Regarding the quality of the evidence related to testimonies, the self-incrimination issues arising in prosecuting corruption, as shown in *Jordan v. United States* (1932), the inadmissibility of the defendant's testimony with a self-incriminatory component gets rejected. The argument relies upon the oath officials take before accepting the duties and responsibilities of the position. Therefore, any testimony from a public servant with authority, whether incriminatory or not, regardless of the legitimacy of the collection process, is considered formal evidence. The text cites the following (*Fall v. United States*, 1931):

It is next contended that the false statement of Jordan under oath before the special master, as charged in the second count, did not amount to perjury, because the government failed to show that the special master had qualified by taking an oath of office before entering upon the discharge of his duties.

. . .

He was at least a special master [testimony master] de facto; and, although the decisions are not uniform, the great weight of authority upholds the rule that perjury may be predicated upon a false statement made under oath administered by a de facto officer.

Another example of admitting a bribery testimony regardless of the quality can be found in *United States v. Sealton* (1947). In this case, the defendant (Sealton) appealed that their testimony should not be used for self-incrimination in a bribery-related case. The U.S. Supreme Court found the final conviction true and valid because of the legitimacy of the defendant's testimony to prosecute him. The text verses as follows (*United States v. Sealton*, 1947):

The two juries which tried appellant might have found every word of testimony given them to be true, and yet have determined, as was their right, *Morris v. United States*, 9 Cir., 1946, 156 F.2d 525, to find guilt or innocence in either without the slightest effect, one upon the other. *Fall v. United States*, 1931, 49 F.2d 506, 60 App. D.C. 124. We briefly state the facts, which were substantially the same in both the Sialon cases, in the margin. We find no error in the trial court's ruling on the res judicata plea, unless, as contended by the appellant, the matter should have been presented to the jury as a question of fact.

The second most controversial argument in prosecuting corruption represents several illicit charges correlated with corruption. This argument means that corruption itself—offering money for a benefit, is one illegal act. The illicit act involving two or more parties (the one who receives the bribe and the one who offers the bribe) represents conspiracy, also filed as another charge. The U.S. Supreme Court's decision dissected the related charges. In this sense, the judicial system could prosecute corruption in all associated parties. For example, in

Whitaker v. United States (1934), the Court charged conspiracy resolving the following:

The residuary clause of the indictment was thereby abandoned by the government, and the charge was given on the theory that the evidence tended to show a conspiracy between these two defendants, if it showed a conspiracy at all. We are of the opinion that this theory of the evidence was correct, and that this charge of the court was without error as the case stood when it was given. For the reasons stated, the judgment will be affirmed, and the authorities referred to below are thought to support the views and conclusions of this opinion.

Another example of how *Fall v. United States* (1931) aided the judicial system can be found in *Witters v. United States* (1939). Prosecutors included and convicted conspiracy as one of the main charges. The text is as follows (*Witters v. United States*, 1939):

The moderate nature of the sentences provided in the statutes for these serious and far-reaching offenses may tend to show that Congress recognized the possible existence of several offenses in one general course of business activity . . . The fact that various overt acts which are offered to prove the conspiracy are also offered to prove the successful accomplishment of the purpose of the conspiracy is immaterial if the offenses are separate and distinct *Fall v. U. S.*, 60 App. D.C. 124. There separate sentences were held improper on convictions on two conspiracy counts, identical except as they alleged two sales of unlawfully imported drugs to two different purchasers. These two sales were not separate offenses but were merely two overt acts tending to prove the existence of one single conspiracy.

The dissection of several crimes involved during the bribery process covered in *Fall v. United States* (1931) represented the usage of the legal banking system for sending money. In this sense, using the conventional banking system for transferring illegal funds ended part of others' prosecution. For charging wire and mail fraud, the conviction of *Simpkins v. United States* (1935) states the following:

Thus, where the motive or special intent of the defendant is an element in the crime charged against him, or it otherwise becomes necessary to show his purpose, knowledge, or design, evidence of similar transactions are admissible if not too remote in point of time. This exception probably finds its most frequent application, in the field of federal criminal law, in cases of prosecutions for fraud in the use of the mail and has been illustrated by several decisions of this court. *Tincher v. United States*, 11 F.(2d) 18 (C. C. A. 4). The exception has also been recognized in cases involving fraud or bribery or false entries in the books of a bank. *Fall v. United States*, 49 F.(2d) 506, 60 App. D. C. 124, certiorari denied 283 U. S. 867, 51 S. Ct. 657, 75 L. Ed. 1471. There are also other recognized

exceptions to the rule not relevant, however, in any way to the present case.

Supplementary Methodology Findings

Table 1 displays the most significant judicial cases from 1932 to 1976, where the legal support in prosecuting corruption was the court pronouncement in *Fall v. United States* (1931). The first case was *Jordan v. United States* in 1931. The last rejected appeal refers to *United States v. Haldeman* (1977). As shown in Table 1, there were twenty-four federal court appeals in the observed timeframe. In every case, the appeal denied confirming the bribery conviction. This information suggests that prosecuting bribery-related crimes relied on the U.S. Supreme Court’s pronouncement of the Teapot Dome despite the absence of anti-corruption regulations. Therefore, the conviction of Albert B. Fall served to reinforce the U.S. anti-bribery system.

Table 1. Bribery-related appeals citing *Fall v. United States* to support their political corruption pronouncement.

Date	Case	Federal Court	Judicial Sentence
June 30, 1932	<i>Jordan v. United States</i>	Circuit Court of Appeals, 4th Circuit, 1932	Affirmed
February 5, 1932	<i>United States v. Pan-American Petroleum Co.</i>	Circuit Court of Appeals, 9th Circuit, 1932	Affirmed
July 30, 1934	<i>Whitaker v. United States</i>	Court of Appeals, Dist. of Columbia Circuit, 1934	Affirmed
June 27, 1935	<i>Simpkins v. United States</i>	Circuit Court of Appeals, 4th Circuit, 1935	Affirmed
July 3, 1936	<i>United States v. Olster</i>	Dist. Court, MD Pennsylvania, 1936	Affirmed
October 17, 1938	<i>Whitney v. United States</i>	Circuit Court of Appeals, 10th Circuit, 1938	Affirmed
June 23, 1939	<i>United States v. Thompson</i>	Dist. Court, MD Pennsylvania, 1939	Affirmed
May 1, 1939	<i>United States v. Shapiro</i>	Circuit Court of Appeals, 2nd Circuit, 1939	Affirmed
June 27, 1939	<i>Witters v. United States</i>	Court of Appeals, Dist. of Columbia Circuit, 1939	Affirmed
June 10, 1940	<i>Shettel v. United States</i>	Court of Appeals, Dist. of Columbia 1940	Affirmed
July 21, 1941	<i>Hilliard v. United States</i>	Circuit Court of Appeals, 4th Circuit, 1941	Affirmed
January 22, 1941	<i>United States v. Halbrook</i>	Dist. Court, ED Missouri, 1941	Affirmed
March 31, 1944	<i>Bracey v. United States</i>	Court of Appeals, Dist. Of Columbia, 1944	Affirmed
November 26, 1945	<i>United States v. Canella</i>	Dist. Court, SD California, 1945	Affirmed

Date	Case	Federal Court	Judicial Sentence
August 14, 1946	United States v. Bayer	Circuit Court of Appeals, 2nd Circuit, 1946	Affirmed
May 8, 1947	United States v. Seal-fon	Circuit Court of Appeals, 3rd Circuit, 1947	Affirmed
December 20, 1948	Michelson v. United States	Supreme Court, 1948	Affirmed
March 3, 1954	United States v. Puff	Court of Appeals, 2nd Circuit, 1954	Affirmed
February 1, 1956	United States v. Harper	Dist. Court, Dist. of Columbia, 1956	Affirmed
March 11, 1958	Chanan Din Khan v. Barber	Court of Appeals, 9th Circuit, 1958	Affirmed
August 19, 1960	United States v. Laurilli	Dist. Court, MD Pennsylvania, 1960	Affirmed
January 5, 1960	Belvin v. United States	Court of Appeals, 5th Circuit, 1960	Affirmed
November 5, 1969	Bradley v. United States	Court of Appeals, Dist. of Columbia, 1969	Affirmed
March 28, 1974	United States v. Patrick	Court of Appeals, Dist. of Columbia Circuit, 1974	Affirmed
May 23, 1977	United States v. Hal-deman	Court of Appeals, Dist. of Columbia Circuit, 1976	Affirmed

This table shows every federal court appeal of a political bribery-related case between 1932 and 1977 (before the Watergate scandal anti-corruption regulation) where Fall v. United States (1931) is cited to support the criminal sentencing.

Discussion

From the collected data, the central findings suggest that the silent regulatory response from lawmakers after the Teapot Dome scandal did not block the country’s corruption prosecution efforts. In the complexity of bribery-related crimes, the U.S. Supreme Court’s efforts to dissect the associated elements involved in corruption reinforced the entire judicial system, compensating for potential systemic flaws because of the lack of regulation. The dissection process identified multiple crimes involving each corruption act. Besides receiving the bribe, the appointed prosecutors charged and convicted wrongdoers with conspiracy, abusing power from a public official position, and fair market-access violation. The conviction occurred despite limited witnesses and low-quality evidence. Without the involvement of the justice branch of the government, the corruption of Albert B. Fall and many others after him would have resulted in not guilty.

This central finding expands current literature in multi-dimensional forms. The first contribution refers to the academic debate of political representatives’ incentives and the evolution of regulation. Bates (1955) presents the unanswered predicament of why regulators did not react after the Teapot Dome. This question

gathered more relevance when the media intervention triggered the Watergate scandal anti-corruption package (e.g., Pontell, Tillman, and Ghazi-Tehrani, 2021; Roudaki and Cooper, 2022). This study provides evidence of the consequences of collaboration efforts between the two branches of the government, judicial and regulatory, in the procurement of justice in terms of corruption. The U.S. Senate invested efforts' during the investigation, which ended in the successful prosecution of bribery by the Judicial system. These joint efforts to prosecute the executive power created a long-term reinforcement effect in convicting bribery-related crimes without the necessity of regulation.

The second significant contribution of this study is in the political system realm. Although the debate around the benefits between common law and civil law environments is not novel (e.g., Algero, 2004; Dainow, 1966; Tetley, 1999), this study's findings provide substantial evidence for deterring corruption. Graff (2007) remarks on the limited available evidence of the legal advantages under the common law system. Furthermore, empirical evidence shows that civil systems have higher corruption than common-law countries. In this sense, this gathered evidence shows that the legal support offered by the U.S. Supreme Court pronouncement in the complex case of *Fall v. United States* (1931) compensated for the absence of a regulatory framework for prosecuting corruption. Civil law systems, where justice procurement relies on regulation, face the disadvantage against bribery-related crimes because the legal framework depends on the political, and regulatory agenda of regulators rather than an adaptive-based legal environment.

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