

Teapot Dome Scandal

1920–1930

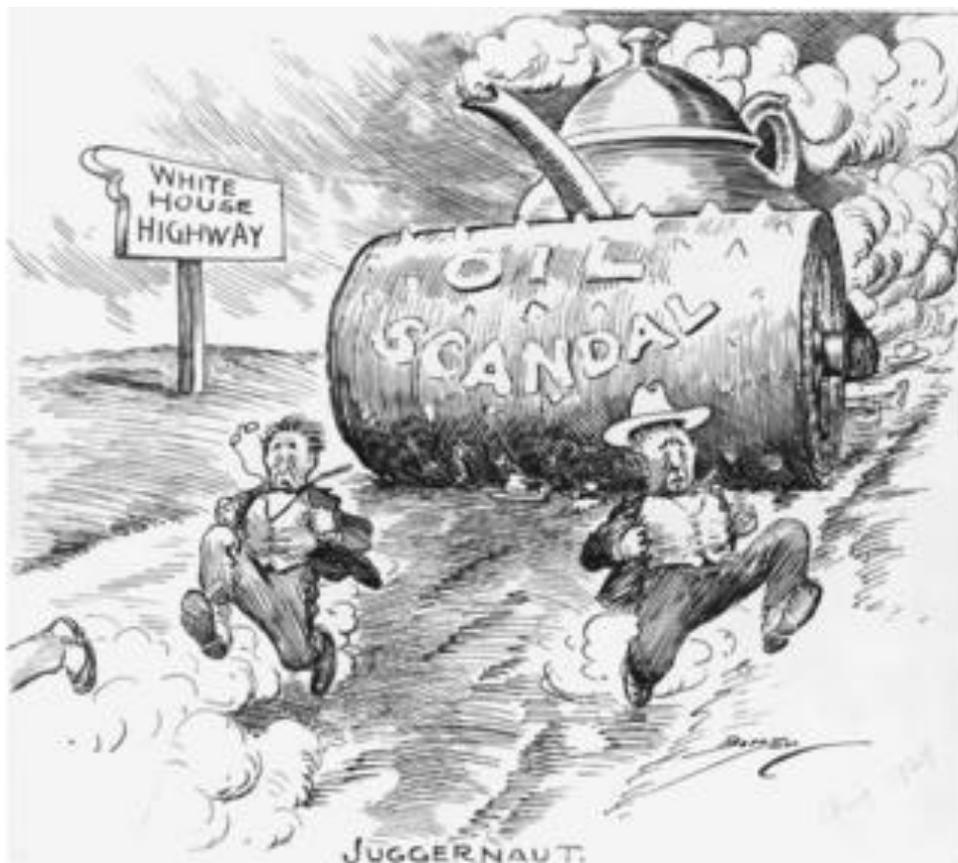
The Teapot Dome Scandal was a government scandal involving legislation passed during the Roosevelt, Taft, and Wilson administrations. Congress passed legislation involving construction of naval petroleum reserves in California and Wyoming. On June 4, 1920, Congress ratified a bill that gave the United States Secretary of the Navy the power “to conserve, develop, use, and operate the same in his discretion, directly or by contract, lease, or otherwise, and to use, store, exchange, or sell the oil and gas products thereof, and those from all royalty oil from lands in the naval reserves, for the benefit of the United States.” The three oil fields involved were the Teapot Dome field in Wyoming, and the Buena Vista Hills and Elk Hills fields in California. These fields were to be reserved in the event of an emergency. Only the United States Navy could use the oil in these fields when regular supplies ran low.

Some government officials did not approve of reserving the supplies in these oil fields. These people felt having oil reserves was unnecessary. They believed the various oil companies in the United States would be able to provide oil for the United States Navy. Among the politicians and government officials opposed to the reservations of the oil fields was United States Senator Albert B. Fall. He eventually became President Warren Harding’s Secretary of the Interior in 1921. Fall convinced United States Secretary of the Navy Edwin Denby to give him control of the reserved oil fields. Fall turned over the oil field leases to oil companies. He gave the Teapot Dome lease to the Harry Sinclair’s Mammoth Oil Company, and he gave the Elk Hills lease to Pan American Petroleum, which Edward Doheny headed. In return for leasing the oil fields to these companies, they gave Fall presents and gifts worth \$400,000.

Fall tried to keep his actions a secret. Many people, however, began to speculate about the source of Fall’s sudden wealth. In addition, in 1922 the *Wall Street Journal* reported that Fall had leased the Teapot Dome field to Sinclair. When this became public, United States Senators John B. Kendrick and Robert LaFollette called for a senate investigation. LaFollette became even more suspicious of Fall’s actions when LaFollette’s office was ransacked. Montana Senator Thomas J. Walsh led the investigation of the Senate Committee on Public Lands and Surveys in 1923 that uncovered Fall’s actions.

There were many hearings and several trials surrounding the scandal. The hearings started on October 15, 1923. It was discovered that Doheny had arranged a \$100,000 interest-free loan for Fall. When Fall retired as the Secretary of the Interior, Sinclair also “loaned” him a significant amount of money. In 1927 the United States Supreme Court ruled that Fall had improperly granted the oil leases to Doheny and Sinclair’s oil companies. In February 1927, the Court invalidated the Elk Hills lease, and in October the Teapot Dome lease was invalidated. Control of the oil fields reverted to the United States Navy.

Fall was found guilty of accepting bribes in 1929, fined \$100,000, and sentenced to one year in prison. Sinclair was acquitted of bribery, but Sinclair also was accused of attempting to intimidate jury members by hiring detectives to follow them. He was convicted of this and served time in jail. When Doheny went to trial in 1930, he was acquitted of all charges.



Name: _____ Date: _____

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Discussion Questions:

1. Which oil fields were involved in the Teapot Dome Scandal? How were these fields intended to be used? Who was originally in charge of these fields?
2. What did United States Secretary of the Interior Albert Fall do when he obtained control of the oil reserves?
3. What was illegal in the transaction between Secretary of the Interior Albert Fall and the two companies that leased the oil fields?
4. Why were Senator Robert La Follette's offices ransacked?

