



VOL. XXVI.—NO. 31.

PORTLAND, OREGON, SUNDAY MORNING, AUGUST 4, 1907.

PRICE FIVE CENTS.

STANDARD OIL FINED THE LIMIT

Landis Exacts Total of \$29,240,000 for Accepting Rebates.

DOES NOT MINCE WORDS

Great Monopoly No Better Than Counterfeiters or Mail-Robbers.

SAYS FINE IS NOT EXCESSIVE

Only One-Third of Dividends During Period of Crime.

PROSECUTE ALTON ALSO

Grand Jury Summoned to Indict Railroad—Standard Liable to Fines of \$88,440,000 Under Seven Other Indictments.

were no better than counterfeiters and thieves, his exact language being:

"We may as well look at this situation squarely. The men who thus liberally violated this law would society more deeply than does he who counterfeits the coin or steals letters from the mail. The nominal defendant is the Standard Oil Company of Indiana, a million-dollar corporation. The Standard Oil Company of New Jersey, whose capital is \$100,000,000, is the real defendant. This is for the reason that, if a body of men organize a large corporation under the laws of one state for the purpose of carrying on business throughout the United States and for the accomplishment of that purpose absorb the stock of other corporations, such corporations so absorbed have henceforth but a nominal existence. They cannot initiate or execute any inherent business policy, their elimination in this respect being a prime consideration for their absorption. So, when after this process has taken place, a crime is committed in the name of such smaller corporation, the law will not consider that the latter corporation is the real offender. And where the only possible motive of the crime is the enhancement of dividends and the only punishment authorized is a fine, great caution must be exercised lest the fixing of a small amount encourage the defendant to further violations by esteeming the penalty to be in the nature of a license."

Maximum Fine Not Excessive.
"The defendant argues that to hold it for 1462 offenses would be a violation of the constitutional prohibition against the imposition of excessive fines, and it is urged that Congress could never have intended to confer upon the court such power. It is the view of the court that for the law to take from one of its corporate creatures as a dividend-producing crime less than one-third of its net revenues accrued during the period of violation falls far short of the imposition of an excessive fine, and surely to do this would not be the exercise of as much real power as is employed when a sentence is imposed taking from a human being one day of his liberty."

"The law prohibiting preferential railroad rates was passed twenty years ago. Its adoption was preceded by vigorous opposition interposed by those who had been the beneficiaries of the vicious practice its enactment was designed to abolish. Immediately thereafter these persons set about to devise means for its evasion. The records of the court and of the Interstate Commerce Commission show the employment of a large variety of schemes to accomplish this result. During the period since 1887 Congress has repeatedly endeavored to effectuate amended the law with a view to the accomplishment of its great object."

No Sooner Made Than Broken.
"Finally, in 1903, the Elkins law was passed. The court recalls that at that time the earnest hope was very generally entertained that at last a means had been devised that would put an end to preferential railroad rates, and yet a few months thereafter the Standard Oil Company procured 1900 carloads of property to be shipped at an unlawful secret rate. And for this offense the Elkins law authorizes punishment only by fine—an obvious defect, remedied, however, by the present law, which prescribes imprisonment in the penitentiary for like offense. However, it is the business of a judge to administer the law as he finds it rather than expatiate on the inadequacy of punishment authorized for its infraction."

"It is the judgment and sentence of the court that the defendant, the Standard Oil Company, pay a fine of \$29,240,000."

Punish Alton Road Also.

"One thing remains. It must not be assumed that in this jurisdiction these laws may be ignored. If they are not obeyed, they will be enforced. The plain demands of justice require that the facts disclosed in this proceeding be substituted to the grand jury with a view to the consideration of the conduct of the other party to these transactions. Let an order be entered for a panel of 20 men returnable at 10 o'clock on the morning of August 15. The United States District Attorney is directed to proceed accordingly."

Under the seven indictments still pending against the Standard Oil Company, an additional fine amounting to \$88,440,000 may be levied against the company. If it is found guilty on trial. There are in these seven indictments a total of 422 counts, and the maximum fine on each count would be \$39,000.

President Much Interested.

OSTYER BAY, Aug. 3.—President Roosevelt received with great interest

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JUDGE WHO FINED STANDARD TRUST

Youngest Son of Noted Landis Family.

HE FEARS NOT GREAT POWER

Once Lawyer for Corporations, Now Their Judge.

BROTHERS GAINED FAME

Made Reputations as Congressmen by Fearless Course—Judge Came to Front as Gresham's Private Secretary.

CHICAGO, Aug. 3.—(Special.)—Kenesaw Mountain Landis, Judge of the United States District Court for the Northern District of Illinois and the man who laid out the first stick fly-paper for Standard Oil, came into Chicago from Indiana. He is a native of Ohio, Sevensville, near Millville, being his birthplace. He migrated to Indiana when seven years old. He was born November 29, 1866, just after his father had returned from the Civil War, carrying in his body Southern lead received in the battle of Kennesaw Mountain, hence the name of the youngest of seven sons.

Two of these brothers were members of the Indiana delegation in Congress simultaneously—Charles B. Landis and Frederick K. Landis. Both made reputations in Washington for fearlessness in debate and regardlessness for the customs, doing things at the National capital.

This is the family trait which has peculiarly distinguished Judge Landis during the course of the Standard Oil trial. In the opinion of those who have watched the proceedings.

When Grover Cleveland became President of the United States and Walter Q. Gresham became his Secretary of State, Secretary Gresham made Mr. Landis his private secretary and for two years until the death of Mr. Gresham, Mr. Landis was one of the forceful and striking figures in the official life of Washington.

When Mr. Gresham died, Mr. Landis returned to Chicago, re-entered the practice of law, and incidentally adopted politics as a side line.

Mr. Landis was attorney for several leading corporations at this time, among them being the Grand Trunk Railroad and the Calumet electric line. He was appointed in 1906 to the Federal bench.

NO MAN ABOVE THE LAW

GARFIELD SAYS LESSON IS TAUGHT BIG CORPORATIONS. Government Can Surely Collect Fine and 10,000 More on Similar Charges.

RIVERSIDE, Cal., Aug. 3.—In an address delivered tonight before the Chamber of Commerce, James R. Garfield, Secretary of the Interior, alluded to the fine imposed upon the Standard Oil Company at Chicago today. In the course of his speech he said:

"The decision and fine are the end of a long fight and will teach people of this country that no man, big or little, is above the law. The Standard Oil Company and others like that great corporation have gone ahead on the theory that they were so powerful that they could do things the ordinary citizen could not. We are showing them that they cannot. Asked if the prosecution could collect the fine, Mr. Garfield replied: 'You may be assured we can. There

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are 10,000 more counts hanging over them, in which similar fines can be administered."

PRODUCT OF ONE MASTER MIND

Standard Oil Company Most Perfect Business Machine.
CHICAGO, Aug. 3.—(Special.)—Standard Oil—A synonym for financial hypnotism—is the product of one master mind. John D. Rockefeller and his associates have evolved from a beginning of nothing the most complete, most perfectly organized and extravagantly successful piece of business machinery the world has ever known, an organization which leaves the East India Company, a marvel in its day, a mere bagatelle.

The Standard Oil Company faced a master for the first time in its career of 41 years when it was hailed before Judge Landis and mulcted to the full extent of the law.

From the time four young men joined resources of less than \$100,000 in the



Governor J. Frank Hanley, of Indiana, who booms Fairbanks for President.

formation of the original Standard Oil Company to the last dividend-declaring period of 1907, which marked the distribution of nearly \$50,000,000 in profits for less than one year, Standard Oil has conquered all that stood in its way, mastering all obstacles, relegating the law of supply and demand to the dead letter statutes and sweeping it before it through the very force of its matchless system of business organization.

John D. Rockefeller, William Rockefeller, Henry H. Rogers, John D. Archibald, Henry M. Flagler, Oliver H. Payne and Charles M. Pratt comprise the inner circle of kings and princes of Standard Oil.

VIRGINIA ROADS GIVE IN

Grant Two-Cent Rate Pending Decision by Courts.

RICHMOND, Va., Aug. 3.—Shortly before midnight the state officials received a telegram from the attorney of the Virginia railroads to the effect that the 3-cent rate would be put into effect on or before October 1, on condition that the matter should be taken to the courts for a final decision as to its legality.

The statement given out by the railroads is that they have determined to give in to the people and to end the conflict.

MAGILL AND WIFE BAILED

Couple Charged With Murder Released by Court.

CLINTON, Ill., Aug. 3.—Fred Magill and his wife, Mrs. Fay Graham, Magill, jointly indicted, charged with the murder of Mrs. Pet Magill, the first wife of Magill, were released from jail today on bond in the sum of \$200 each. Circuit Judge Cochran announced that on next Friday he will set the day for the trial of the couple.

JURY MAKES FOUR COUNTS

Missouri Pacific Indicted for Non-Compliance of Law.

JEFFERSON CITY, Mo., Aug. 3.—The grand jury today returned four indictments against the Missouri Pacific Railroad, charging that the company has complied with the eight-hour telegraph law passed by the last Legislature. The railroad company has contended the law is unconstitutional.

MILWAUKIE CLUB FORCED TO CLOSE

Clackamas Authorities Compelled to Act.

PRESSURE GROWS TOO STRONG

Gamblers Do Not Expect to Reopen Their Games.

POOLSSELLING IS STOPPED

Betting on Horse Races Comes Under Ban With Other Pastimes. Town Loses Principal Source of Its Revenue.

Acting under instructions from District Attorney Hedges and Sheriff Beatie, of Clackamas County, the Milwaukee Country Club closed its gambling games last night at 9 o'clock. This order, said J. E. Gillison, manager of the club, was issued by the two officials a week ago, but the club management did not make up its mind to obey until last night. Whether District Attorney Hedges and Sheriff Beatie gave an additional order last night for obedience to their mandate, the managers of the club decline to say.

The order if issued a week ago was concealed from the public and the club did not feel obliged to obey it at once. It seems evident that public clamor became so loud that District Attorney Hedges and Sheriff Beatie felt the need of suppressing the unlawful business. The gambling included pool-selling on horse races and games of faro, roulette, craps, draw and stud poker and black jack.

Do Not Expect Reopening.

It was announced last night that the employees numbering some 25 will have no further employment. The bar, however, will run as usual. The managers of the club say that they expect the closing to be permanent.

The campaign against this club has been waged vigorously. The resort was established as a refuge for gambling when games of chance were put under the ban in Portland. To it flocked the refugees from the reform wave in Portland. They were welcomed by the people of Milwaukee under an agreement whereby they were to pay tribute to that town in the form of fines amounting to \$100 a month. Milwaukee citizens were glad to get this money for it lessened the burden of taxes and enabled them to make public improvements including the building of a City Hall which they would have been unable to obtain without the gamblers' money.

Resented Any Interference.

Efforts to dislodge the resort by residents of Portland and Oregon City proved futile. The people of Milwaukee stood by the club and resented outside interference. They elected a Mayor and Councilmen pledged to continue it on the fine system and rejected reform tickets in the city election by large majorities.

CITIZENS FLY TO THE RESCUE

Say Milwaukee Tiger Is Harmless Beast and Is Their Pet.

Milwaukee men do not want their pet tiger caged by the officials of Clackamas County, nor the reformers of Oregon City. They think it is no business of Portland citizens, either, if the town of Milwaukee desires to retain the striped animal.

More than 100 residents of the town have signed a statement, taking to themselves entire responsibility for existence of the club. It will be remembered that Mayor Shindler was elected on a platform which promised to allow the club to run. The same is true of members of the town Council. Milwaukee is proud of its new City Hall, built from money collected from the gamblers in fines. It is plain that

the people of the town approve this system. Their statement is as follows: To William Shindler, Mayor, Milwaukee, Or: We, the undersigned residents, voters and business men of the city of Milwaukee, desire to say that we have read the howl that has manifested itself through the Portland papers in regard to the Milwaukee Club, situated in this city. We desire to bear witness to the fact that this criticism in the newspapers is recalled for and unwarranted by the facts, and is not endorsed by us. As the Milwaukee Club is conducted and managed it is not offensive to good morals, nor does it in any way injure the social, moral or business life of this community.

We endorse your course as Mayor of this city and the other city officials of Milwaukee in the manner and way in which you have permitted this club to exist within our city limits.

(Signed:) John N. Wright, Archie Mancer, Percy G. Harlow, P. Kennedy, Eugene Arlitz, W. H. Scott, Leo Johnson, Fred F. Pelger, D. T. Davis, Kirby, G. E. Kovich, A. H. Dowling, Charles K. Ballard (postmaster), A. Emerich, John Deardeurff, John M. Snyder, G. Keller, Fred Robinson, C. T. Stockton, J. A. Dowling, G. A. Gledhill, G. Davis, W. A. Sellwood, T. R. A. Sellwood, W. H. Lehman, E. M. Stucky, R. A. Patterson, T. Ham, C. F. Frey, R. Johnson, E. J. Elmer, R. Teichner, J. W. Phillips, J. W. James, J. Peschka, Henry Phillips, Charles E. Hively, F. C. Harlow, Jr., C. Swager, E. Pastech, R. E. Davis, Philip Baker, Albert Stewart, Ed Murphy, R. Tallon, F. C. Harlow, C. A. Lavin, W. H. Reinhart, R. McGetchie, Frank Van Dusen, Daniel Mass, Henry Secker, C. E. Selfridge, Matt Schneider, A. Hike, E. D. Wurmer, Henry E. Stevens (ex-County Recorder), Cooper Kerr, Charles Loding, Charles (Concluded on Page 2.)

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NEW LAND GRAB IN CENTRAL OREGON

Deschutes Project Is Under Suspicion.

GOVERNMENT TO INVESTIGATE

First Terms of Grant to Company Already Violated.

PRICE OF LAND IS RAISED

Figure of \$10 an Acre Set Originally Advanced With Consent of the State Land Board to \$25. Millions in It.

Are the colossal land grant grants of a generation ago in Oregon to be limited in the Deschutes country, where 149,717 acres of land have been granted by the National Government under the Carey law, for reclamation by irrigation companies? Three years ago, two companies were authorized by the State of Oregon and the National Government to reclaim land near Bend for an average of \$10 an acre, this money to be paid by settlers for the work and \$1 an acre per year for water service.

But recently the State Land Board—its new members being Secretary of State Benson and State Treasurer Steel—authorized the successor of the two companies—the Deschutes Irrigation & Power Company—to raise the charge from an average \$10 an acre to an average of \$25 an acre, thereby more than doubling the cost of reclamation to settlers and, as is alleged, giving into the hand of the irrigation company a grant of \$20,000,000 or thereabouts.

Government to Investigate.

That Secretary Garfield and Commissioner Ballinger heard of this matter when in Oregon is evident. The Department of the Interior is reported contemplating an investigation. T. B. Newhauser, special inspector of the Interior Department, and Oswald West, Oregon Railroad Commissioner, representing Governor Chamberlain, and formerly State Land Agent, will visit the site of the Deschutes project, to learn the cost of installing the water system. The general belief is that the new price is too high, and members of the State Board are not prepared to deny that this is a fact. Besides, sufficient security does not appear to have been exacted of the company to guarantee maintenance of the water system until it shall be turned over to the settlers.

The company insists that the new charge is just, because the original contracts named too low a figure. They aver that cost of labor and material has so advanced that it is impossible to complete the projects at \$10 an acre. They cite that the Government will not be able to reclaim the land in Klamath for less than \$6 an acre. It is known that the Government always spends more on irrigation works than private companies, largely because aiming at greater permanency.

Wagon and Railroad-Grant Grants.

Vast land grants have been made in Oregon in the past by five wagon-road companies and three railroads, which secured free gifts of the public domain. In not one case did the grantees keep faith with the Government. They all used the land for their own enrichment, regardless of their pledges to the Government. The most conspicuous of them is the Oregon & California Railroad Company, which obtained 6,000,000 acres, agreeing to sell it to actual settlers at \$2.50 an acre. Ever since it has denied the right of settlers to buy at that price and now refuses to sell 3,000,000 acres remaining of the grant.

It is now charged that similar tactics have been adopted by the Deschutes

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EVENTS OF LAST WEEK AS VIEWED BY HARRY MURPHY



Rockefeller—"We'll just run up the price of oil, son." Philippines—"I don't think I want Uncle Sam to sell me to those Japs." Jimmy Britt—"They tell me this is the best way to fight that nigger Gans." Sheriff and District Attorney of Clackamas—"How do we know there is gambling at Milwaukee unless you bring evidence." The first locomotive has arrived in Tillamook, many citizens there never having seen one before. Perhaps this is the way they expected it to look. Mulkey and others—"You had Fairbanks, Charlie; now let us have Tatt."