

## SPARES THEM NOT

Equitable Officers Flayed Alive  
by Hendricks.

## HE REPORTS TO GOVERNOR

Waste and Grafting All Through  
History of Society Exposed by  
Investigation—Ryan's Trust  
Scheme Condemned.

ALBANY, N. Y., June 21.—The report of Superintendent Francis Hendricks, of the State Insurance Department, to Governor Higgins upon his investigation of the Equitable Life Assurance Society was made available here yesterday night. It is described in the title as a "preliminary report," and it sharply criticizes the management of the society as well as the new trust arrangement for voting the stock agreed upon by Thomas F. Ryan and the three trustees appointed by him. In conclusion, Superintendent Hendricks says:

"No superficial measures will correct the existing evils in this society. A cancer cannot be cured by treating the symptoms. Complete mutualization with the elimination of the stock to be paid for at a price commensurate with its dividends in my judgment, is the only measure of relief. This report, with a copy of the evidence taken on this investigation, will be transmitted to the Attorney-General for such action thereon as he may see proper."

## Severe on Hyde and Alexander.

James W. Alexander, president, and James H. Hyde, vice-president, whose resignations were accepted yesterday by Chairman Morton, are severely arraigned. Gage E. Tarbell, second vice-president, is exonerated. Mr. Hendricks finding that no substantial evidence appears in support of the charges against him. Mr. Alexander is still an open question whether Mr. Alexander and other officers and directors who participated with him in the transactions of "James H. Hyde and Associates" are not disqualified under section 36 of the insurance laws, from hereafter holding any office in a life insurance company. The report characterizes the transaction as unlawful. Mr. Tarbell's name is not on the list of participants in these transactions. The policy-holders, however, the report sets forth, are under great obligation to Mr. Alexander and the other executives for demanding the mutualization of the society and the retirement of Mr. Hyde from its control.

## Henry B. Hyde No Angel.

A surprising feature of the presentation is that Mr. Hendricks goes back to the organization of the Mercantile Savings Deposit Company in 1878 by Henry B. Hyde, president of the society, and declares that this company, which had its offices and vault room from the Equitable Assurance Society, does not pay sufficiently and profits enormously at the expense of the parent company, paying 20 per cent dividends. The safe deposit lease has 96 years to run.

Mr. Hyde and the organization of the safe deposit and other subsidiary companies, Mr. Hendricks says, "He did not neglect his own interests or those of his immediate associates and dependents in the society."

The relations of the Equitable and its competitors are discussed at length. Of Mr. Alexander's stay in leases to these companies, Mr. Hendricks says:

"James W. Alexander has signed these leases under the direction of Henry B. Hyde; I believe it to be a fact, and it is the most charitable construction which can be placed upon his acts."

## Bank Stock Given Away.

A loss to the Equitable Life resulted from the consolidation of the Western Bank of Commerce, of New York, with the Western National Bank, of New York, according to the report. The Equitable Life owned about 12,000 shares, or a controlling interest, in the Western National, while Mr. Speyer, who was its president, testified that it controlled only the controlling interest at \$100 a share. In the merger, however, the Equitable Life Assurance Society accepted \$75 in cash and \$10 in stock of the consolidated bank.

The syndicate transactions of "James H. Hyde and Associates" are referred to as being "of the same nature." James W. Alexander's name is given in this list of participants, and it is shown that in various bond issues of Kuhn, Loeb & Co., Speyer & Co., J. P. Morgan & Co. and Brown Bros., the syndicate was represented in the underwriting. The profits of the syndicate are placed at \$185,107, of which \$63,731 each went to James W. Alexander and Mr. Alexander. Another participant was William H. McIntyre, fourth vice-president of the Equitable, whose share was \$1420. All of those who took part in these dealings, the report says, should be compelled to pay back the sums received by them. "This is only very mild punishment," says the report.

## Stock Sold at Reduced Prices.

In the records of Mercantile Trust Company shares Mr. Hendricks found that on June 4, 1900, 100 shares of that company's stock were sold to George J. Gould at \$60 a share, and on the same day 50 shares were sold to H. C. Frick at \$48 per share. On Dec. 1, 1901, 100 shares were sold to M. L. Scott at \$60 a share, and on January 2, 1902, 100 shares were sold to E. H. Harriman for \$60 a share.

The report shows that on the advice of Mr. Hendricks, Kuhn, Loeb & Co. purchased from the Equitable \$1,000,000 of Mercantile stock, gold fours, because to which Mr. Hendricks believed they were collateral bonds.

Extravagance and waste in salaries are severely condemned. The increase in this respect in the executive was from \$280,000 in 1900, to \$613,100 in 1904. It was found that the President's salary was advanced from \$75,000 per annum to \$100,000 without his request. In order that James H. Hyde's salary might be increased to the same figure, Chauncey M. Depew, the report shows, is paid \$20,000 a year as attorney. David B. Hill is paid \$10,000 a year as attorney.

Of James H. Hyde's discriminations in various corporations Mr. Hendricks expresses the opinion that he was the financial head of a great insurance corporation whose assets were so large and whose results were always to the credit of the purchase of securities which these great corporations are largely in the market to sell."

The pension of \$25,000 to Mrs. Henry B. Hyde is condemned as unnecessary and probably illegal.

## Nearly All Directors Dismissed.

Of the directors Mr. Hendricks found that only ten of the 52 owned stock in their own right, and most of the others qualified on Hyde's stock.

"H. C. Frick is the only man," says Mr. Hendricks, "who on the record is not under obligation to Mr. Hyde, and he is not held by Hyde's stock."

Of the financial administration of the society Mr. Hendricks says:

"The executive committee transacts all the important business of the society. The finance committee is composed of exactly the same men as the executive committee, with one additional director, viz., Jacob H. Schiff, senior member of

the firm of Kuhn, Loeb & Co., which has sold to the Equitable Society, according to the reports, since January 1, 1900, \$47,552,000 of bonds and \$1,380,000 of stock."

## Summing Up of Charges.

The report, after the recital of facts and figures as above, then takes up the charges against Messrs. Alexander Hyde and Tarbell, the names being exonerated. Of Mr. Alexander Mr. Hendricks says that he was a participant in the "James H. Hyde & Associates" transactions that he executed the leases detrimental to the society's welfare and has failed to meet the obligations imposed upon him as chief officer of the society.

The summing up against Mr. Hyde is more severe. It sets forth that he permitted the society to lose heavily in its business transactions with the Commercial Trust Company; that he selected salaried employees prior to his coming to the society, and the value of his services; that he has been accustomed to draw large sums for expenses on his own unitempered vouchers; that he assumed domination of the society's affairs until the present, was reduced to a position of secretary, treasurer, and manager, and used to use the society and its assets more and more as if they were his own, until he was checked by the demand for his resignation.

MORE OFFICIALS RESIGN.

MORTON WILL CLEAR OUT MANY HIGH-SALARIED SUBORDINATES.

NEW YORK, June 21.—Chairman Morton announced that he had accepted today the resignations of several of the employes of the Equitable Society, among them that of Charles Francis Williamson, who was secretary to former Vice-President Hyde, with headquarters at the latter's residence. It is understood that the number of the high-salaried subordinates will increase with their resignations, and that many dismissals of minor employes here and at all the leading agencies are contemplated.

Mr. Morton was asked today whether Mr. Hyde will continue to hold office as chairman of the executive committee. "Well, temporarily."

Mr. Morton denied that he had undertaken or contemplated legal proceedings against former officers or directors of the society in order to secure the return of any funds.

## GIVEN TWO BLACK EYES

## RECEPTION OF FEJERVARY MINISTRY BY PARLIAMENT.

Both Houses Vote Want of Confidence and Receives Emperor's Letter With Uproar of Rage.

## ORDERED TO LEAVE TOWN

Japan Clears Foreign Merchants Out of Port Arthur.

Increased Postmasters' Salaries.

OREGONIAN NEWS BUREAU, Washington, June 21.—These changes in salaries of Washington postmasters were announced today:

Increases—Olympia, \$300 to \$350; Toppenish, \$110 to \$120; Walla Walla, \$300 to \$350; Waterville, \$300 to \$350; Wenatchee, \$100 to \$120.

Decrease—Cosmopolis, \$100 to \$90.

Rural free delivery route No. 2, has been ordered established September 1 at Wilbur, Lincoln County, Wash., serving 300 people and 30 houses.

RESTRICTION ON CONFERENCE BLOCKS KAISER'S GAME.

He First Wanted to Discuss Control of Morocco, Now Open Door Is the Sole Topic.

WASHINGTON, June 21.—(Special)—Unless the negotiations now proceeding between the German Ambassador at Paris and the French Foreign Office on the subject of the Moroccan situation result in recasting the lines of the international conference proposed by Germany so as to make it acceptable to France, the indications are that there will be no such conference, and that German diplomacy, instead of achieving a triumph, will experience a setback.

In the early stages Germany desired to discuss the political control of Morocco and the effect of the Anglo-French entente with regard to that question. Now, however, it is understood that she has moderated her proposals, and is awaiting before the proposed conference only a discussion of the preservation of order in Morocco, internal reforms and the maintenance of the open door principle.

The powers which have been invited to the conference by the Sultan of Morocco, at the instance of Germany are those signatory to the Madrid convention.

Great Britain, the Netherlands, Portugal, Spain and Sweden and Norway. Of these a majority have indicated their willingness to participate only if it is unanimously agreeable to the powers interested. If the conference is held, therefore, the prospects are that Germany would find herself outvoted on any policy looking to her own aggrandizement at the expense of the rest of the members of the entente.

The German Ambassador applied to their head office at Hamburg to intercede for an extension of time. Failing to obtain this, the manager prepared to depart for Shanghai to make arrangements for the shipment of his goods. He notified the Japanese authorities that he would soon return, but was informed that he could not enter the port of Port Arthur. The manager had to leave an attorney to represent him and then departed to arrange transportation.

The manager of Stetos, Block & Co., who have large interests in Port Arthur, stated that he will not comply with the order to remove his merchandise. He says the Japanese informed him that only Japanese steamers will be allowed to transfer property affected by the order.

Stetos, Block & Co. have large interests at Port Arthur. The order affects four German houses, Clarkson & Co., an American house, several French and Greek houses.

The Japanese, the survivors of the German fleet, have purchased but little from the firms mentioned, and all have large stocks of goods still in their warehouses.

CLARKSON A PORTLAND MAN

Heavy Creditor of Russia for Supplies Delivered in Far East.

SEATTLE, June 21.—(Special)—Clarkson & Co., the American firm forbidden to do business in Port Arthur, represented the Boston Steamship Company in that city and Vladivostok and handled practically all the American flour shipped into Port Arthur prior to the outbreak of hostilities between Russia and Japan. The firm had the largest shipping of the Central American marts of Seattle made to both Port Arthur and Vladivostok.

Clarkson himself is a former Portland, Or., man but has been engaged in business in the Orient for several years. Shipping men say that he was not the only American firm in Port Arthur though the ownership of the port is in the hands of the non-tobacco-using neighbor than the tobacco chewer. The cigarette is an evil because it tempts many a boy to smoke who would probably never smoke if he had not begun, as he did, with a black cigar or a rank pipe. But that is no reason for abolishing the cigarette.

The order of deportation will not affect Clarkson at present, for he is not in Port Arthur and has not been there for more than a year. About the time the Japanese began the siege of Port Arthur he came to the city and has remained ever since.

Shipping interests here know that Clarkson, both before and after the war began, was selling large bills of supplies to the Russian army. He dealt in general merchandise from both his Russian houses, and sent his agents to the army to do business with the Russian officials.

The French officials maintain that the question of accepting a conference is not between France and Germany, as the Sultan of Morocco is involved in the integrity of Morocco, the sovereignty of the open door. Concerning the conference, M. Rouvier announced his willingness to consider the question if the scope is fully defined in advance, and Germany is invited to state the limits in which the conference would operate.

The French reply is quite long, presenting the French policy in Morocco during recent years, and particularly the rôle of the French in the development of the integrity of Morocco, the observance of the open door. Concerning the conference, M. Rouvier announced his willingness to consider the question if the scope is fully defined in advance, and Germany is invited to state the limits in which the conference would operate.

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The diplomats here foresee a renewal of the tension. It was pointed out that the issue now presented is as follows: Germany wants the acceptance of a conference first and the details afterwards. France wants the acceptance of a conference after the details are settled.

France having now insisted on the details first, it remains for Germany to make the next move.

WRECKED BY FORGERIES

Crimes of Gaskell Cause Failure of Philadelphia Bank.

PHILADELPHIA, June 21.—The City Trust & Safe Deposit Company, of this city, closed its doors today, and has gone into the hands of a receiver.

A notice was posted, signed by A. L. Taylor, acting receiver, stating that the trust company had been closed by order of the Banking Department of Pennsylvania.

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The statement issued on May 29 showed

## COST IS TOO GREAT

Palouse Irrigation Project Is Finally Killed.

## WALCOTT ANSWERS JONES

Expensive Lining for Reservoir and Loss by Seepage From Canals Would Raise Cost Beyond Amount Available.

OREGONIAN NEWS BUREAU, Washington, June 21.—The Palouse irrigation project is dead for some years to come, according to the latest information which Dr. Walcott, the geologist, has written to Representative Jones of Washington, and which was made public here today.

The letter was the acknowledgment of the receipt of a letter of inquiry inclosing resolutions of the Spokane Chamber of Commerce urging the Government to begin work on the project.

Mr. Walcott says the latest examinations of the reservoir site by engineers show that the character of the foundation renders necessary extensive piling and concrete lining in the upper part of the system, and will subject the canals to much greater expense than the original estimate.

"Under these circumstances," says Mr. Walcott, "it is not considered feasible to proceed with the construction of the Palouse project as it would necessarily have to languish many years in an unfinished condition without any valuable results."

The Director says that the Okanogan and Yakima projects are still under investigation, and will be reported on as soon as found feasible.

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