

PENDLETON SAVINGS BANK CHARGES

Declare That They Have Not Obtained Indian Lands by Fraud.

COURT AN INVESTIGATION

Colonel Raley Makes Exhaustive Statement—Secretary Hitchcock Denies Senator Fulton Is Under Suspicion.

NOT INVESTIGATING SENATOR FULTON. OREGONIAN NEWS BUREAU, Washington, Nov. 12.—Secretary Hitchcock when asked tonight about the reported effort of Senator Fulton to department to implicate Senator Fulton in a conspiracy fraudulently to acquire lands on Umatilla Indian reservation, replied:

"I have nothing about any such investigation; I know of absolutely no charges against Senator Fulton. If the senator were under investigation I would be very glad to make a statement. But my department is not investigating and it were I would certainly know about it."

PENDLETON, Or., Nov. 12.—(Special.)—Emphatic denials of wrong-doing in connection with the purchase or leasing of lands formerly owned by the Umatilla reservation come from Colonel E. W. Raley, W. J. Furnish, Frank Carl, John Crow and Thomas Thompson, who are said to be under investigation by E. W. Dixon, a special agent of the Interior Department. All these men are prominent in Pendleton Savings Bank.

Colonel Raley is a Democratic politician, Thomas Thompson and John Crow are farmers, Frank Carl is a politician allied with the Furnish faction. A published story of the alleged Umatilla land frauds is regarded in this city as being a result of the charges which have been made against W. L. Thompson and Major Edwards, of the Umatilla reservation. The government agents who are here making investigations concerning the sale of these lands are greatly incensed that such a report should have been started as the result of their business here. They are emphatic in their statements that it did not originate from them or their office.

Edward W. Dixon and Capt. J. H. Alexander are the government men who have been here for the past three weeks. Dixon is division chief inspector, with headquarters in Portland, while Alexander is an inspector with headquarters at La Grande. To the Oregonian representative this evening they stated that they were not here after any man or set of men, but merely in the course of their everyday business to investigate and see if there was any reason why the final patent should not be issued on the land in question. They explained that title could not be issued to such land until it had first been fully investigated by the department and that in their view they are now doing. In this work they have been aided by Col. Raley and others and were furnished by Mr. Raley with a copy of the form of lease, which he and John Crow hold upon some of the lands. Dixon stated, however, that it would be strictly against his orders to make any public declaration as to whether or not they had so far in their investigations found anything which would lead them to believe that fraud had been committed. They were at a loss to account for the origin of a newspaper story and wondered why only men connected with the Pendleton Savings Bank were named, when scores of men in this county purchased the land under the same conditions.

W. J. Furnish, the retiring president of the Pendleton Savings Bank when asked for an interview regarding the matter, stated that it was an attempt on the part of someone to get even. He said:

"The land transactions referred to were grossly misstated. I have bought no Indian land. I did, however, buy 160 acres of grazing land and 40 acres of timber land at the second reservation sale. I paid the appraised price for and made proof on the same, all according to law.

"I have made no false affidavits as to the character of the lands or otherwise in connection herewith, and do not fear the fullest investigation by the Government. I have not bought or contracted, neither do I claim any other lands sold at said sale. I understand an investigation is now being made at this place by special agents of the Government of all claims sold at the second reservation sale, but I have never had my name connected with the investigation and I read it in the papers."

Frank Carl and Thomas Thompson said there wasn't anything to the report; that they had purchased the land in good faith and had no reason to believe they had committed any fraud in connection therewith.

Colonel Raley made an exhaustive statement for The Oregonian, giving a full account of the laws under which the reservation lands were sold and declaring that his actions in connection with the sale were largely in the interest of the squatters who desired to acquire title to Government lands on which they had been living. Colonel Raley's statement follows:

"Answering The Oregonian's request, I esteem it a privilege, for which I am thankful, that you accord me space in your paper for a statement of the facts regarding the article published in a Portland paper yesterday. In the first place, permit me to say that the lands involved are not estate lands of the Umatilla Indian reservation, and in this respect the article was very misleading. The only Indian estate or heirship lands that have been sold were recently sold by the Indian agent at the agency, and of these I have no personal knowledge whatever, never having, either directly or indirectly, purchased any of said lands, and do not know the persons who did purchase them. I have never attended such sales, and never have, either directly or indirectly, submitted a bid thereon, and have never at any time been, and am not now, the owner of or in any manner, directly or indirectly, interested in any of said lands, or in farming any of the heirship or estate lands or other lands on the Umatilla Indian reservation.

"However, while the article is misleading in this respect, it is, perhaps, intended to refer to other lands not now on the Umatilla reservation, for, as I understand it, it is these other lands (which I shall refer to a little later) that are now being investigated by Special Field Agent E. W. Dixon and Special Agents Jones and Alexander at a number of places. I have their investigations in any manner been secret, so far as I am advised. They

have been in Pendleton most of the time for the last three or four weeks. I have conversed with them, or some of them, frequently, and so far as I know, their actions, as well as my own, have been open and public, and in no manner in the shape of a secret investigation; neither is there any occasion, so far as I know, for a secret investigation. In order, however, that the public and my friends may be fully advised as to my position in the matter and as to my acts in connection with such lands, I desire at this time to make a complete statement of the history of the lands under investigation by Field Agent Dixon and his assistants. In doing so, I will also necessarily make a partial statement for John W. Crow, whose name is also mentioned in the article. Regarding the other persons mentioned and their relation to the lands in controversy, I have no knowledge, and, therefore, have no statement to make. A full understanding of the situation necessarily involves a brief history of the laws relating to the lands in controversy.

Provisions of the Law.

"By an act of March 3, 1855, commonly known as the Slater bill, the Umatilla Indians were allotted lands in severalty from the Umatilla Indian reservation; each Indian was allotted a separate tract of land, and in addition to these quite a large body of land, individual allotments, also, in the same manner, were made. The mountains were allotted to them in common, as grazing lands for their stock. There then remained a certain portion of the Umatilla Indian reservation, which was not needed for the use of the Indians. By the terms of the act of March 3, 1855, these lands not needed by the Indians were to be sold at public auction to the highest bidder, in payments of one-third cash down at the time of the sale, and the last third in two years and the next third in two years thereafter. The money received therefrom was to be held by the Government for the use of the Indians. Prior to the act of March 3, 1855, the lands were to be sold by a commission appointed, in my belief, by the Secretary of the Interior. The land was given over, each tract separately, by the said commission and appraised at the highest price of \$1.25 an acre; some of the better tracts were appraised at higher price. The bill also provided that: 'Each purchaser shall, at the time of making his purchase, make and subscribe an oath or affirmation that he has purchased said lands for his own use and occupation, and not for or on account of or at the solicitation of any other person, and that he has made no contract whereby the title thereto shall directly or indirectly inure to the benefit of another.'

"Each public sale each person was limited to the purchase of 160 acres of what was classed as unimproved lands and was also, after having purchased a tract of unimproved land, entitled to purchase 40 acres additional, which was classed as timbered lands, making the full amount to which one person was entitled not to exceed 200 acres.

"In fact, practically everything that was considered of any value for agricultural purposes was sold at this public auction. However, part of the lands were located in the Blue Mountains, at the extreme head of McKay Creek which has three branches in the mountains and is a steep, rocky, bluffy character. These lands in the mountains were all appraised at the minimum price of \$1.25 an acre and were offered for three weeks at public auction at that price and no bidders. Consequently when the public sale closed these lands remained unsold for the want of bidders at the minimum price of \$1.25 an acre. After the public sale a few persons began to settle along the head of McKay Creek upon the lands unsold and some other settlers upon the flat high ridges between the forks of the creek. In the course of five, six or seven years there were a number of squatters upon the high bench lands of the mountains, and also along the narrow valleys between the ridges. These squatters made application to the Secretary of the Interior—a number of them—to purchase the lands. The Interior Department held that after the public sale had closed, the government was without authority to dispose of these lands until another act of Congress should be passed, authorizing their sale.

Second Act Is Passed.

"Therefore, something like ten years after the first sale, or, to be accurate, on July 1, 1865, the following bill passed Congress and was approved by the President:

"That all the lands of the Umatilla Indian reservation which were not sold at the public sale of said lands heretofore held at the price for which they had been appraised, shall be sold at private sale by the register of the land office in the district within which they are situated at not less than the appraised value thereof and in conformity with the provisions of said act; provided that any bona fide settler upon any of said lands who is the owner of substantial improvements thereon, and who has settled and improved any subdivision of said lands with the intent of permanently residing on the same as a homestead, shall have a preference right to buy in the lands so settled upon by him, at any time within 90 days after the passage of this act, upon making satisfactory proof in the local land office as to settlement, intent and improvements."

Represented the Squatters.

"Under this act the secretary directed that public notice of the opening be given by publication in certain papers and that the land be opened for sale to the first applicant on the first day of September, 1865, and at the appraised price. Following this notice, I procured maps and plats of all of the lands from the land office at the agency, and procured lists of the appraised value, and it was generally known and announced that I had such maps and appraised value, and for two or three weeks prior to the date of the opening of the lands I was busily employed in making out the applications for various persons who desired to purchase the lands, and on the morning of the first day of September I presented with a number of other persons, I represented, perhaps, nine-tenths of the persons who desired to purchase, and either in person or by proxy, stood in line at the door in front of the land office from Saturday night after the closing of the office until 9 o'clock Monday morning. I was the first to present my application, and I presented it in regular filings, at which time I presented the applications of all of the squatters practically and of a great many other persons who desired to purchase the lands, and that time, with each application, I paid one-third of the purchase price. There were no requirements whatever in the act of Congress that the lands should be examined by the purchasers prior to the time of purchasing; no oath required that they had examined it. The only oath required was that they were taking it for their own use and occupancy, and that they had no contract to sell it. I think it safe to say that, aside from the actual squatters, eight-tenths of the persons who bought lands, bought them without going to see them, relying on the fact that any land practically was worth \$1.25 an acre for pasture purposes.

"Prior to this time it had also been decided by the Secretary of the Interior in the case of C. O. Fanning (30 land decisions, page 29) and again in the case of Charissa Fauber (23 L. D. case 213) that while the commissioner

might withhold patent for a failure to make proof of residence and cultivation, as required by the original act, still, if all payments were made on the land the entry could not be voided. The sale of the lands heretofore completed when payments were made. In other words, when payment was made, the purchaser was entitled to the use of the land, though patent would not issue to him until such time as he could make proof of residence and cultivation. Many persons bought, relying upon these decisions and relying upon the use of the land, even well knowing that they could not receive patent without proof of residence and cultivation, which they also knew to be impossible, owing to the character of the land. It was also generally understood that a bill had been prepared and would, in all probability, pass Congress, providing that in cases of that character, where the land was not susceptible of residence or cultivation, patent would issue upon proof of the real condition of the land.

What the Fulton Act Provides.

"This was subsequently done by an act of March 3, 1866, which has been known as the Fulton act, and which reads as follows:

"That all persons who have heretofore purchased any of the lands of the Umatilla Indian reservation, and who have not made full and final payment thereof in conformity with the acts of Congress of March 3, 1855, and of July 1, 1862, respecting the sale of such lands, shall be entitled to receive the patent therefor upon submitting satisfactory proof to the Secretary of the Interior that the unimproved lands so purchased are not susceptible of residence or cultivation, and that the lands are grazing lands and incapable of any profitable use other than for grazing purposes."

"This act, now known as the Fulton act, was first introduced by Senator Mitchell during his time in the Senate, and passed the Senate, as I am informed, but failed of consideration in the House, and consequently did not pass until taken up by Senator Fulton later.

"A draft of this bill was submitted to Special Land Agent McNeill, who was in charge of this district, and he was approved by the Interior. Later on, after Captain Alexander was placed in charge, a copy of this bill was submitted to him. I cannot say that it met with his approval. Captain Alexander, however, has been heard to do not consider himself in a position to advise one way or the other as to the merits or necessity for the bill.

"After the passage of this bill, many of the purchasers of lands under the regular way for making final proof, and at the expiration of the advertised notice went before the Register and Receiver at La Grande, in each case, to make no contract. If the land was agricultural the proof so showed; if not agricultural, then they submitted proof of the character of the land to the effect that it was not susceptible of agriculture or of residence or cultivation.

Lands Produce No Wheat.

"The statement published that these lands are producing 50 bushels of wheat, or any other amount of wheat whatever, to the acre, is absolutely false. I know of my personal knowledge, that no proof has been submitted to the Register and Receiver at La Grande showing lands to be grazing lands only upon which lands any crops of value have been raised. Some lands situated on the high bench lands, small tracts along the creek bottoms produced crops, but in each instance proof has been made upon these lands showing residence and cultivation as required by law.

"Now, with regard to my own purchase of these lands at the first sale under the act of 1865: I bought 40 acres of unimproved land near Pendleton upon which I resided continuously for nearly 12 years and received a patent. At such sale I did not purchase any timbered lands. At the last sale I applied to purchase 40 acres of unimproved lands and 40 acres of timbered lands. The Interior Department decided that having made one purchase of unimproved lands at the first sale I was not entitled to purchase more unimproved land at the second sale, but might at the second sale purchase 40 acres of acres and 40 acres of timbered land.

"This question was taken before Judge Wolcott, of the Federal Court at Portland, in the case of Hovey vs. Jones and the ruling of the Interior Department was confirmed by the opinion of Judge Wolcott. I thereupon relinquished to the government the 40 acres purchased by me at the second sale, for which I had made payment, and applied to the Government for the return of the purchase money on the 40 acres relinquished, and day before yesterday I received notification from the Interior Department that my claim for the return of the purchase money had been duly allowed.

"This is the only land of any kind or character on or for which I have made any purchase, or any contract of purchase, either directly or indirectly. However, John Crow and myself (named in the published article) did furnish to several persons the money with which to buy the Government lands, and these third payments on the lands purchased at the second sale, and did also furnish the money to fence the lands, and for other expenses. In the case of Jones and I, and did soon after the purchase (I think in the Fall of 1862 and Spring of 1863), enclose a part of the lands for which we had furnished money to pay the Government with a view to their fence, and this enclosure has ever since that time been known as the Crow-Raley pasture and, as I am well aware, has been the subject of quite a commotion.

"These unimproved lands so fenced were all of steep, bluffy character, and not capable of any sort of cultivation in any instance, and were of no value, or of any reasonable residence, and were exclusively and solely pasture lands, and, at the time they were fenced, of a very inferior character for pasture.

cultivate the said lands not to exceed 25 acres thereof, and to enter and remain thereon for the purpose of doing any and all things necessary to fully comply with the requirements of law respecting the said lands.

And it is mutually agreed by and between the parties hereto that the said second party shall use said lands for grazing purposes only, and this is intended to be a grazing lease. It is further mutually agreed, however, that for the purpose of clearing said land of all timber growing thereon and for the purpose of getting it in condition to seed to tame grasses, that the party of the second part may, during the continuance of this lease, have the full privilege to cut and remove all timber from said land, and in payment for the cutting and removal of such timber the said party of the first part, however, reserves to himself the right to cut and use all timber that may be actually necessary for household fuel and fencing purposes upon the land.

And the said party of the second part hereby agrees with the party of the first part hereto that he will surrender and return the said premises to the party of the first part, his assigns, executors or administrators, at the time and date first above written, the day and date first above written.

Denies Inspectors' Charge.

"I am informed that the inspectors now contend that the making of these leases was the making of a contract whereby the title to the land would inure to the benefit of the lessees. This may be their construction of the law. It may be the intention of the Interior Department will put upon it. Possibly it may be the construction that the court will put upon it, but I have never thought so. A copy of this lease was furnished to Captain Alexander, the special agent in charge, as early as March, 1866 and at that time it was forwarded to the department for consideration. Subsequent to that time the Government has accepted the third payment on these lands with interest thereon and has not heard, prior to this time, any question has been raised by the department as to the validity of the leases.

"A copy of the lease was also furnished to the inspectors soon after their arrival here. 'Everything in connection with these lands that has been done by, either by Mr. Crow, or by myself, or by any other person, has been open and public and with the full knowledge of the Department of the Interior.

"At the lands under lease, since being fenced by us, have been rented during a part of the Summer season to farmers, and in some instances to cattlemen, and it is from this source that we expected to realize the money by which to return to us the money invested, with interest thereon, within the ten years of the lease and at that time leave the land free and unimproved to the original purchaser. Unless the lands during the remainder of the rental period produce a greater rent than they have in the past we shall be losers rather than gainers by either way.

"No titles or patents have been issued by the Government to any of these lands, yet, that I have any knowledge of, and I am informed by Captain Alexander that many of the persons who executed these leases are giving relinquishments to the Government, based, however, upon the assumption of the Interior Department, that these leases constitute a fraud upon the Government, which in my opinion is an assumption wholly erroneous.

NO MEDAL FOR SEGALOS.

Hero of Valencia Disaster Turned Down by Carnegie Commission.

SEATTLE, Nov. 12.—John Segalos, the Greek fireman who made five ineffectual attempts to swim ashore with a lifeline from the steamer Valencia just before she went to pieces on Vancouver island rocks last January, and who has since been hailed as a hero and been given ten medals by various associations and churches of this city, has refused to accept the medal of the Carnegie hero fund, the commission notifying him of their disapproval today.

The sum of \$10,000 was recommended by Special Agent Caspey, who spent several weeks here investigating the case, but the commission refused on the grounds that Segalos had allowed himself to be exhibited by a theatrical manager for several weeks subsequent to the wreck.

Segalos has been a physical wreck for six months, but upon receiving his first pay the other day he immediately sent one-half of it to his aged mother in Greece, who has been asking alms on the streets of Suva since her son was incapacitated.

Court Convenes at The Dalles.

THE DALLES, Or., Nov. 12.—(Special.)—The State Circuit Court convened here today with a long equity and law docket, and two criminal cases. One of these is a prosecution for alleged election frauds at Hood River, and is attracting much attention. The term is likely to be brief.

ATTACKS THE GOVT

Seattle Candidate Says Judges Mixed Things Badly.

LOSES SEAT IN HOUSE

Henry A. Beck Will Contest the Election of Henry W. Lung, His Republican Running Mate, as Representative.

SEATTLE, Wash., Nov. 12.—(Special.)—Henry A. Beck, defeated on the face of the returns by his running mate, Henry W. Lung, will probably file a contest with the next House of Representatives. Both are Republicans, and both concede that L. E. Kirkpatrick, Democrat, was elected from the district. The basis for Beck's contest will be the charge that votes were erroneously counted for Lung that should have been thrown out.

There are two representatives, elected in the district and the Republican and Democratic names were placed in separate columns. Republicans voting the straight ticket down to that point, put crosses opposite Kirkpatrick's name. The ballots were counted for the straight ticket up to this point, then for Kirkpatrick. There was no means of determining whether the votes wanted to vote for Beck or for Lung, or whether he did not want to vote for both. Yet Beck and his friends claim scores of such ballots were erroneously counted for Lung.

Specific instances where this is known to have been done have been given, and a wrong interpretation was placed on the returns. It was stated that Beck had been beaten on the face of the returns by Lung, who had a plurality of 94.

Friends of Beck and Lyons, who was defeated in the same district, are swearing revenge on Corporation Counsel Scott Calhoun and City Councilman Arnold Zbinden, both of whom were away from the city on election day. It is known that there is no doubt Lyons would have been elected to the Senate and Beck's fight would have been closer. Calhoun is still in trouble over his failure to vote in the last municipal campaign, when he was a candidate for corporation counsel and when John Ripinger was defeated for mayor.

S. E. McNeill, former state Representative, brings a story from Lewis County that corrected returns seat George McCoy, Republican, and J. E. Starbuck, Democrat. The latest telegraphic reports have declared their fight to be a tie, but McNeill says an error was made in computing the vote in McCormick precinct. As a result, McCoy is said to have a plurality of three.

If this is true, there will be but five Democrats in the house, with 37 Republicans and three independent Republicans.

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EDWIN MARKHAM "The Great Guest Comes" A Christmas poem, instinct with the spirit of "Peace on Earth, Good Will to Men".

"Three times I came to your friendly door; Three times my shadow was on your floor. I was the beggar with bruised feet; I was the woman you gave to eat; I was the child on the homeless street!"

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