



GREAT IRRIGATOR OF ALTON STOCK

Harriman Explains the How and Why of It.

HUGE PROFIT OF SYNDICATE

Increases Capital Five Times Added Value.

REFUSES TO GIVE DETAILS

Right of Interstate Commission to Learn Individual Holdings Disputed—Dividend of 30 Per Cent on Bond Deal.

NEW YORK, Feb. 25.—E. H. Harriman, head of the Union Pacific system, spent today in a recital of portions of the intimate history of the financial operations of himself and his associates before the Interstate Commerce Commission, which, in behalf of the United States Government, is investigating consolidations and combinations of carriers, relations between carriers and community of interest therein, their rates, facilities and practices.

Special counsel for the Government made particular attack on the reorganization and financing of the Chicago & Alton Railroad by the Harriman syndicate, and their action, with a challenge by counsel for the railroad of the right of the Interstate Commerce Commission to inquire into the private transactions of an individual, constituted the two chief events of the day's proceedings.

Mr. Harriman declined to tell what proportion of the preferred stock of the Alton sold to the Union Pacific belonged to him individually, and the way was paved for taking the question into the Federal courts. The point raised involves a material limitation on the inquisitorial power of the Commission and is of serious importance to the whole question of interstate incorporation investigation.

Enormous Profits on Water.

There was an effort to show that there had been an enormous inflation of the stock, securities and liabilities of the Alton; that the Harriman syndicate had taken unfair profits by declaring a dividend of 30 per cent from the proceeds of the first sale of the bonds, amounting to \$400,000; that the syndicate had sold itself the bonds at an unreasonably low figure, only to re-sell them at enormous profit; that the Harriman syndicate had in the Alton capitalized the losses of former stockholders in the road and the money which had been spent by the old management for betterments over a period of 10 years and already charged to operating expenses; that the books of the company had been destroyed, and that for an increase of the stock and liabilities from about \$10,000,000 to \$18,000,000 there was nothing to show except an expenditure of \$25,000,000 in improvements on the property.

Harriman Denies Charges.

Mr. Harriman's testimony was a denial of all the charges and he made an extended explanation and defense of the transactions, which, he contended, were fully justified by the conditions and circumstances of the time and had been conducted entirely in the open. Mr. Harriman's examination lasted for five hours and was unmarked by acrimony. The witness declined to be led into an attempt to explain the details of the Alton operations and constantly referred his questioner to the records of the Alton Company.

Mr. Harriman's testimony began with the issuance of \$100,000,000 of convertible bonds by the Union Pacific for the purpose primarily of paying for the Southern Pacific in 1901, and then led through the purchase in connection with the Oregon Short Line of the Northern Pacific stock.

Mr. Harriman identified a statement showing that since the first day of last July the Union Pacific and Oregon Short Line have purchased stocks at a cost of \$13,000,000, and Mr. Kellogg, the Government attorney, sought to show that, figured by prices in the market today, there had been a loss of \$11,000,000 on the investment. Mr. Harriman said that this was possibly true, and, when further questioned, asked permission to explain.

Profit on Hill Line Stock.

The witness said if Northern Pacific and Great Northern maintain their present prices the profit on the Northern Pacific investment would amount to about \$81,000,000. The witness was taken over the total investments and sales made by the Union Pacific and Oregon Short Line, and in the end denied that they had been made for speculative purposes.

The witness then related the story of the purchase of \$5,000,000 of the stock of the Baltimore & Ohio, paying for which would, he said, be completed in March and September next. He had discussed the purchase with the late President Cassatt, of the Pennsylvania Railroad, but nothing had been said as to price and no conditions were attached to the purchase.

Inquiry about the Union Pacific purchases of stock in the Alton led the way to the first objection of counsel for Mr. Harriman to a question as to the amount of stock the witness had held in the Alton.

and testified that he had served on the committee which had fixed the price at \$45. He then was asked if he owned any of the stock when it was deposited.

Mr. Milburn objected, saying his clients were ready to lend every possible assistance to the inquiry and that they rejoiced that it gave them opportunity to clear away many scandalous and unjust reports. He denied, however, that the question had any bearing on the question of interstate commerce. He said the Commission had great powers, but there was a limit, and he thought it was to the interest of the Commission properly to define its powers.

Chairman Knapp said the suggestion of Mr. Milburn seemed to draw a distinction between the transaction of the company and the action of its officials and asked if this could be called the transaction of an individual.

There was an extended discussion of the question and it was stated that the commission would confer and announce its decision later. At the afternoon session.

ASSISTING IN THE PROSECUTION OF BINGER HERMANN AT WASHINGTON, D. C.



Jesse C. Aldrich, Assistant District Attorney.

When the question was renewed in another form and the commission decided that it had a right to make the inquiry. Objection was noted in the record and the witness formally declined to make answer.

History of Alton Deal.

The examination of the entire Alton transaction then began and consumed most of the afternoon. Mr. Harriman first told of the formation of the syndicate, which, he said, contained many persons and which was represented by himself, James Silliman, George Gould and Mortimer Schiff. Ninety-seven per cent of the stock of the Alton was acquired, \$100 having been paid for the preferred and \$175 for the common, and the total investment amounted to \$22,000,000. Bonds to the amount of \$10,000,000 were issued and the shareholders subscribed for them at 65 per cent and from the proceeds of the sale of bonds a dividend of 30 per cent was declared.

The witness denied the participation in a sale of bonds at 96 to the New York Life Insurance Company. Mr. Kellogg asserted that the bonds had been quoted in Wall Street at from 94 to 96, but the witness said he could not remember what they were selling at. The witness denied knowledge of the whereabouts of the records of the syndicate which handled them. Mr. Milburn, representing Mr. Harriman, objected to what he called an effort to create the impression that Mr. Harriman and other trustees owned all the stock purchased by the syndicate.

He Cannot Remember.

But the witness could not remember for what they were sold and who were the syndicate managers.

Mr. Kellogg showed that \$975,000 of interest on the prior lien bonds was being paid.

(Concluded on Page 2.)

MRS. THAW SCORES AGAINST JEROME

Explains Thaw's Cablegrams to White.

EXPOSED EMBASSY OFFICIAL

Thaw Told Her White's Money Was Poisonous.

JEROME'S BEST CARD LOSES

Mrs. Thaw Never Saw Doctor She Is Alleged to Have Visited—Repeats Statement Against Thaw in an Affidavit.

NEW YORK, Feb. 25.—Except for one brief moment, Mrs. Evelyn Nesbit Thaw had a decidedly easy day today during the continuation of her cross-examination by District Attorney Jerome. When adjournment was taken, the prosecutor announced that he had practically concluded with the witness.

Mrs. Thaw will be temporarily excused tomorrow morning to enable Mr. Jerome to introduce Abraham Hummel to identify a photographic copy of the affidavit Evelyn Nesbit is alleged to have signed and which charges Thaw with many cruelties during their 1903 trip to Europe. The District Attorney got the contents of the affidavit before the jury this afternoon by reading certain of its statements in the form of questions and asking Mrs. Thaw if she told such things to Mr. Hummel. In each instance she declared she had not. She also denied ever having signed such an affidavit, admitting that she had, however, signed some papers for White in the Madison-Square Garden tower, the nature of which she was not aware.

His Strongest Card Played.

During the morning session Mr. Jerome played his strongest card of the day. Mrs. Thaw had denied most positively that she had ever seen Dr. Carlton Flint with Jack Barrymore.

"When did you first meet Frances Belmont?" "When I was in 'Florida'."

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Her Allowance From White.

A letter was shown Mrs. Thaw, dated Boston, January 29, 1902, addressed to Charles Hartnett, White's private secretary. It read:

"Dear Hartnett: Telephone Mrs. Nesbit to let you know whenever Miss Evelyn decides to go on her vacation. Then send this note to the Mercantile Trust Company."

"Please notify Miss Nesbit that on receiving word she is about to start on her vacation you will send her the weekly checks for \$25 and an additional check for \$200."

"STANFORD WHITE."

The introduction of this letter and several checks refreshed Mrs. Thaw's memory to the extent that she said she lived at the Audubon apartments from February 10 to April 1, 1902. Between

the letter over to Thaw. She explained today that Thaw took the letter of credit from her, saying the money was "poisonous" and neither she nor her mother should touch it and that he would provide them with funds. Whatever had been spent of the money, she declared, was for her mother.

The second point Mrs. Thaw made was concerning the cablegrams which Thaw is said to have sent to Stanford White from London. It appeared Thursday that those cablegrams were requests to White to use his influence in keeping Mrs. Nesbit from "raising a row" and interfering with Evelyn's continuing in company with Thaw. Mr. Jerome took up the subject again today, but his questions elicited the information that his messages did not concern Mrs. Thaw at all, but related to a man, a secretary of the American Embassy in London, who, Mrs. Thaw said, had "sneaked up to mamma's bedroom and insulted her." She said the man had insulted her, and that Thaw had gone in search of him, but failed to find him.

Hummel May Discredit Her.

The proceedings today dragged a great deal and it was evident long before he announced the fact that Mr. Jerome was nearing the end of his cross-examination.

The proceedings tomorrow with Mr. Hummel on the stand should be more interesting. The defense on cross-examination will attempt to discredit the witness who is under indictment. It may be late in the afternoon before Mrs. Thaw will again take the stand for Mr. Jerome's final questions, which will have to do with the affidavit. Should the defense decide to proceed with the re-direct examination of Mrs. Thaw and Mr. Jerome should take up the re-direct cross-examination, Mrs. Thaw may be kept on the stand all of Wednesday and Thursday.

Mrs. William Thaw, mother of the defendant, and Mrs. Carnegie, his sister, were at the courthouse today for the first time in ten days. Mrs. Thaw has been suffering from a severe cold.

MRS. THAW'S STORY CONTINUES

White Denied Wronging Her.

NEW YORK, Feb. 25.—On resuming the cross-examination of Mrs. Evelyn Thaw at the trial of Harry K. Thaw today, District Attorney Jerome first asked if she had not had trouble with her mother in Allegheny before going to Philadelphia to live—if she had not run away with a girl. Mrs. Thaw replied in the negative. Mr. Jerome's next question was:

"How long after the drugging in the Twenty-fourth-street house was it that the account was opened for you in the Amsterdam Bank by Stanford White?" "I can't tell how long—it might have been a month."

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Lodge secured the passage of the Philippine agricultural bank bill. An amendment offered by Cuberson, declaring the intention of the United States to abandon the islands as soon as a stable independent government should be established, was defeated.

The Senate also passed a bill granting a service pension to Army nurses. Those who are disqualified to earn a livelihood and have reached the age of 62 years are to receive \$12 a month; at 70 years, \$15, and at 75 years, \$20.

When the agricultural appropriation bill was taken up, the Fulton amendment,

PUTS A BAR UPON FOREST RESERVES

Senate Adopts Fulton's Amendment.

ONLY CONGRESS CAN CREATE

Beveridge and Spooner Exchange Angry Words.

ABOUT MEAT INSPECTION

Date to Be Put on Cans, but Packers Not to Pay for Inspection.

NO MORE FOREST RESERVES.

OREGONIAN NEWS BUREAU. Washington, Feb. 25.—The Senate today agreed to Senator Fulton's amendment to the agricultural appropriation bill prohibiting the creation of further forest reserves in Oregon, Washington, Idaho, Montana, Wyoming and Colorado, except by specific order of Congress. The amendment is intended to curtail the arbitrary power of the Forest Service and Interior Department, and was enthusiastically endorsed by the entire delegation from all the states named.

There is a possibility that the amendment will be stricken out by the conference committee, but the Senators from the Northwest have hopes that it may be retained. It will be fought by Forester Pinchot.

WASHINGTON, Feb. 25.—The Senate today passed the agricultural appropriation bill, carrying nearly \$10,000,000, with an amendment providing that forest reserves in certain Western States shall not be created or enlarged without an act of Congress; the postoffice appropriation bill, carrying \$230,000,000; the pension appropriation bill, carrying \$15,000,000, and the bill authorizing the establishment of an agricultural bank in the Philippines.

The principal fight today over the agricultural appropriation bill took place on the Beveridge amendment, requiring the packers to pay the cost of administering the meat inspection law. This amendment was defeated on a point of order. Beveridge secured the adoption of an amendment which requires the date of canning and inspection to appear on the label of the can containing meat products.

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providing that no forest reserves shall hereafter be created or enlarged without an act of Congress, in the States of Oregon, Washington, Idaho, Montana, Colorado and Wyoming, was adopted without debate.

Make Packers Pay for Inspection.

An amendment adding \$1,000,000 to the appropriation for improvements in forest reserves was also adopted without debate. Beveridge offered an amendment providing that hereafter the date of inspection and canning must be placed upon the label of meat products. This amendment was agreed to without discussion.

Beveridge then offered his amendment placing the cost of meat inspection upon the packers.

Warren gave notice that at the proper time he would make a point of order against this amendment.

Beveridge made the point that the only opposition to his amendment came from the packers, and that they, being the beneficiaries of the act, should be compelled to pay the cost.

"We will fight this matter to a finish against this amendment."

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DESTROYER OF TIME AND SPACE

Telegraph System Now Sixty Years Old.

STRETCHING OF FIRST WIRE

Carried News of Polk's Nomination for President.

RICH BARGAIN REFUSED

Government Laughed at Buying Morse Patent—Veteran Operator at Capitol Who Sent News of the Civil War.

BL. FREDERIC J. HASKIN.

WASHINGTON, Feb. 25.—(Special Correspondence.)—The telegraph is now sixty years old. The first successful message was sent over an experimental line between Washington and Baltimore in 1844, and from that time until today there is hardly any other invention which has contributed so much to the advancement of our civilization. Progress and development have always depended upon the communication of ideas, and the telegraph annihilated both time and space.

When the first message, the famous "What has God wrought," flashed over the wire from Washington to Baltimore, the key was operated by Miss Ellsworth, daughter of the United States Commissioner of Patents at that time. The National Democratic convention was then in session in Baltimore, and when the announcement came that James K. Polk had been nominated for President, the idea that the news should be known so quickly caused a veritable sensation.

The question of who invented the telegraph has always caused a heated controversy and probably always will, but it is certain that the idea had no practical application until Congress, by a majority of eight, voted the necessary \$30,000 to build the experimental line to Baltimore. This line was built by Morse and Vail in May, 1844. It was in 1837 that Samuel F. B. Morse and Alfred Vail entered into a contract by which Professor Morse was assured of financial backing.

From that time until the experiment was a success, the genius of Morse and Vail and Joseph Henry was devoted to the perfection of the idea. In the eight years preceding the final success of Cyrus W. Field's experiments with the ocean cable in 1866, \$12,000,000 were expended in the effort to send the telegraph across the Atlantic. This fact in itself shows the difficulty which attended the earlier efforts to introduce the invention. Morse and Vail could get but little capital, and it was with the greatest difficulty that Congress was persuaded to appropriate the \$30,000 spent on the first line to Baltimore.

The method of taking telegraphic messages by ear, now in universal use, was not readily adopted. Sound-reading was much feared by telegraphers at first and all instruments were recording. In the early telegraphic offices it was the rule to fine operators \$5 for each offense if found reading messages by the dot-and-dash signs by sound, instead of waiting for the record to be made in ink on the paper ribbon.

Refused to Buy Patent.

In most countries of the world, as soon as the telegraph was adopted, it became a part of the postal service, under the direction of the government. In the United States the first line was built with National funds and for four years was maintained by the Government. It was placed under the control of the Postmaster-General and operated by him. The patents held by Morse and Vail controlled it, and these were offered to the Federal Government for \$100,000.

Congress laughed at the proposition to pay that much for a toy, and would have nothing to do with it. Later, in those years between 1863 and 1876, when the Government was subsidizing, Congress voted an annual subsidy of \$40,000 for ten years to one private telegraph concern in the West, a total of four times what it would have cost to control the invention. An investigation looking to the conversion of the telegraph lines into the Department of the Postoffice in 1872 showed that all the lines in the United States, at that time, connecting 10,000 offices, might be duplicated for \$16,000,000.

Once Considered News Censor.

In the early days of the Associated Press there was a close relation between the telegraph companies and the newspapers which formed that organization, such as to give rise to decided opposition. The statement of Professor David Brooks in 1875 is an interesting bit of contemporary comment. He said:

"The establishment of the Associated Press has been a chief object so far as the telegraph is concerned, to silence the criticism and secure the influence of those journals enjoying its advantages in the matter of preventing Governmental interference."

Of course, the Associated Press was formed for the purpose of facilitating the dissemination of news, which purpose it served. The modern newspaper is the product of the telegraph, plus the press associations and news-gathering agencies.

Now, the telegraph lines in this

(Concluded on Page 3.)



IS HE HEAVY ENOUGH TO RAISE IT?