RENEWS ATTACK ON ALTON DEAL

Commission Learns of More High Finance.

ROAD MORTGAGED BEFORE BUILT

No Money or Security Remained for Building.

MOST GENEROUS BANKERS

Member of Kuhn, Loeb & Co. Says Stocks Were Sold to Union Pacific Below Market-Refuses to Tell Business Secrets.

NEW YORK, Feb. M .- Counsel for the Government renewed their attack on the financial methods of the Harriman group in the Chicago & Alton Railroad before the Interstate Commerce Commission this afternoon when they called Charles W. Hilliard, controller of the road, as a witness. Mr. Hillard testified that he became controller in October last, when, under the joint arrangement for the management of the property, the Rock Island Mr. Hilliard said bis took its turn. first task was to find money to carry on the improvements under way. There was money in the treasury for current expenses, but not enough to carry on the improvements, which included a cut-off of 4312 miles of road from a point near Murrayville to Springfield. There was not enough money to complete the building of this line, said the witness,

"I looked into the question of raising

Mortgaged Before Built.

"Do I understand that this road had mortgaged before it was built?" asked Commissioner Lane.

'Yes; I was told that it was covered by the mortgage of 1800, and there was nothing that could be done except to put a second mortgage on it, which would have been poor security," said Mr. Hil-

Mr. Kellogg then read the mortgage to show the line had been covered by it firm.

never been paid to Mr. Stanton for the had been turned over to the syndicate securities and that issued by the reorgan-who delivered the stocks and the road ization. Mr. Kahn replied from printed through the intermediary, Mr. Stanton.' sion was adjourned until tomorrow. Mr. Hilliard will be recalled tomorrow morn-

Kuhn, Loeb & Co.'s Commission.

cial importance. He was succeeded on the stand by Otto H. Kahn, one of the leading members of Kuhn, Loeb & Co., which has financed many of the important deals of the Harriman party, and a former director of the Union Pacific, Mr. Kahn remained upon the stand until mid-afternoon and under examination of Mr. Severance, of counsel for the Government told of the reorganization of the Union & Co. and the interrelations of the firm, the witness and Jacob Schiff with the

The witness said the firm had received purchase of Southern Pacific, a commission of 5 per cent divided with other underwriters on the issue of Union Pacific convertible bonds at a reduction of 5 per cent. The witness spiritedly defended the acts of his firm, and cited instances where it had sold stocks to the Union Paclific at a figure below the current market. Mr. Kahn made an extended defense of the Alton transaction, based on the methods and conditions of the time.

Still Refuse to Answer.

Mr. Harriman during his testimony again involved the question of private business as against interstate commerce and refused to answer interrogations as to his individual stock deals, and Mr. Kahn refused to divulge anything specific as to the business transactions undertaken by his firm on behalf of clients in or outside of the Union Pacific directorate. He and his counsel, Paul D, Cravath, urged the same objection made by Mr. Milburn in behalf of Mr. Harriman and added the special plea of the confidential privilege between a banker and his clients.

The Commission ruled against all objections and the record was in each instance properly completed for reference to the courts.

William H. Moore and Daniel G. Reid. directors of the Rock Island, testified as to the contracts with Mr. Harriman and his associates for joint control of the Alton, and that there was no other written or verbal agreement. Mr. Moore said that while the contract was still be ing fully observed, its effect was nominal. He and his associates had expected benefits from the arrangement that had not materialized and their earlier plans

in the connection with the project had

Purchase of Grand Island Road.

Mr. Harriman testified that the Union Pacific had purchased the St. Joseph & Grand Island since last year. The price paid was \$2.022,000, and the witness had wned the property and sold it to the Union Pacific. Objection was made to questions as t

when he bought the stock of the St. Joseph & Grand Island, and what he paid for it, and the witness declined to The Commission ruled that he must an-

wer, and there was the usual formal re-

The witness said the St. Joseph & Grand Island was not a parallel and competing line. Mr. Kellogg asked of whom the New

York Central stocks, acquired by the Union Pacific were bought. Mr. Harriman said they were bought in the ope

"Were you or any of your associates



Colorado, Who Advocates Government Ownership of Rallroads.

interested in the sale at the time of the Union Pacific purchase?" asked Mr. Kel-Mr. Milburn objected, and Mr. Harri-

nan declined to answer. Mr. Kellogg asked if it was not a fact that of the \$22,000,000 said to have been spent upon the Chicago & Alton, \$2,749,000 money by mortgage," he continued, "and | was made up of car-trust certificates and I discovered that it had already been \$1,000,000 from Kuhn, Loeb & Co., so that the expenditure on the line out of the new securities sold were only about

> \$18,000,000 Mr. Harriman said that possibly the figures were correct. He simply knew that \$22,000,000 had been spent upon the

Kahn Denies Bank Grafted.

The witness was excused and Otto Kuhn, Loeb & Co. took the stand. Mr. Severance took up the examination of Mr. Kahn and asked a few

The firm of Kuhn, Loeb & Co. was "All the bonds were gone, I found bankers to the reorganization committee from the books that the \$13,000,000 had and Mr. Severance asked the wilness concerning the stock issuance, bonding and stock, but that the \$22,000,000 in bonds general handling of the old Union Pacific reports and for some time the proceedings The Commissioner wanted to know what the books showed had been actually expended in connection with the handling lacob H. Schiff remained upon the Union pended in connection with the handling Pacific board until a year ago. He said of the property, but, while the witness he desired to say that in going upon the was searching for the records, the sesduty to the public which held the securi-ties. At the same time they wished it un-derstood that they did so as bankers and at no time ceased to be bankers, and that in dealing with the Union Pacific they did so at arms' length. At no time had they ever charged the Union Pacific more than timony at the morning session, and his a banker's regular commission and often examination brought forth nothing of spe- rendered valuable services for nothing.

About a year ago they felt that the ne cessity which caused them to go on the board had passed and also the demands of their own banking business had in-creased; the credit of the Union Pacific Schiff resigned from the board of the Union Pacific.

Bought Southern Pacific on Chance. Mr. Kahn sald his firm had purchased the Southern Pacific stock control which Pacific, There was a special inquiry as afterwards passed to the Union Pacific, to the commissions paid to Kuhn, Loeb but he insisted that it was not bought with the understanding that the Union Pacific would take it, the only understanding being that it was to be offered to the Union Pacific. Mr. Harriman, he thought. The witness said the firm had received a commission equal to 5 per cent on the purchase of Southern Pacific, a commission state of Southern Pacific at the stock, as the remainder of the

board might not approve of it and it would be left on their hands. The witness said Kuhn, Loeb & Co. were paid a commission of 2½ per cent upon the purchases of Southern Pacific stock made for the Union Pacific. Mr. Severance showed that, as the stock had been bought at 50 and the commission was upon the par value, the commission was

really at the rate of 5 per cent. witness said the usual bankers' ission had been charged and that is firm had taken a risk of securing the stock. Mr. Severance showed, for the purpose of minimizing the risk to the underwriting syndicate, that the shareholders of the Union Pacific had taken 25, 500,000 of the issue, but the witness insisted that there had been a risk in the issue,

which was a novel one.

Lawyer and witness fenced over the matter of questions and Mr. Kahn sale matter of questions and Mr. Kahn said Mr. Severance was unfair.

Fight for Northern Pacific.

Mr. Severance went into the matter of the acquiring of the Northern Pacific con-trol by Union Pacific,

Mr. Kahn told of the inception of the idea, when the Northern Pacific, by its purchase of the Burlington, seemed to threaten the best interests of the Union Pacific. He had a talk with Mr. Harriman, and they agreed that it would be wise if the Union Pacific should try for control of the Northern Pacific, with the resulting affiliations of the Great North ern and Burlington. In 1901, Mr. Kahn sald, Kuhn, Loeb & Co. offered the Union Pacific some \$25,000,000 of Northern Pacific

Mr. Kahn denied that there was any agreement that the Union Pacific should buy the stock. His firm regarded it as a

Much the same testimony occurred regarding subsequent sales of Northern

Pacific to the Union Pacific. - His firm (Concluded on Page 4.)

JEROME PURSUES HIS FIXED POLICY

Trying to Prove Thaw Still Insane.

GRILLS EVANS, THE ALIENIST

Will Call Hamilton to Sustain His Theory.

EVELYN THAW RECALLED

She Denies Telling Brother Thaw Was Cruel to Her-Trial Will End Early Next Week-Thaw Makes Statement.

NEW YORK, Feb. 27-Interest in the Thaw trial today centered in the maneuvers of District Attorney Jerome, who seemed to give further indication of his purpose in the near future to apply for commission in lunacy to report on the present condition of the defendant's

of the day was occupied by Dr. Britton D. Evans, director of the New Jersey Hospital for the Insane at Morris Plains, an allenist for the defense who was up for cross-examination, Mr. Jerome seemed to direct his efforts at getting from Dr Evans information as to the exact recognized forms of insanity from which the expert declared Harry Thaw was suffering at the time of the "brain storm which resulted in the killing of Stanford

Says Mania May Recur.

Dr. Evans had testified that in his wi Thaw displayed evidences of a melancholic state of mind. The District Attorney dwelt for an hour or more on the subject of melancholia, and asked the expert if it was not true that in acute melancholia there is a recurrence of the affliction in at least one-third of all cases. Dr. Evans said there was,

Mr. Jerome said he intended calling a witness in rebuttal Dr. Allan McLane Hamilton, the alienist, who was first employed by the Thaw defense, but who has not heretofore figured in the trial Hamilton recently returned from Europe and in a published interview just after he landed was reported to have said that he came to the conclusion that Thaw was insane at the time of the tragedy and that he is insane now.

Tells of Thaw's Delusions.

The District Attorney also stated that he would call Dr. Charles F. Bingaman, of Pittsburg, the Thaw family physician, In rebuttal. Dr. Bingaman was on the stand for a short while today; but Mr. Delmas objected when Mr. Jerome started to cross-examine the physician as to the insanity in the Thaw family, on the ground that the witness had not qualified as an expert.

Dr. Bingaman told today of visiting Thaw last August, when the prisoner seemed much depressed and suffered from the delusion that a conspiracy had been formed against him, complaining that he was not allowed to put paper over the grating in his cell door, because they

wanted the cold air to blow in and give him pneumonia, so he would die and his case never come to trial.

Brother Against Sister.

By recalling Evelyn Thaw to the stand for a few questions which he had omitted on his iong cross-examination, Mr Jerome early today indicated that he would call Howard Nesbit, her brother to contradict her in a matter of credi-bility. He asked Mrs. Thaw if she had not told her brother that Thaw had treated her cruelly while abroad, because she refused to tell lies about Stanford White and say he had drugged and mistreated her. He wanted to know i the brother had not bought her a pistol with which she might defend herself against Thaw. The defendant's wife de nied absolutely that there was any truth in any of these statements.

Finish Early Next Week

Mr. Delmas announced that the defense ould conclude its case this week. This, however, was on the assumption that the



Resigned.

ross-examination of Drs. Evans and Wagner today. Mr. Jerome did not even finish with Dr. Evans, who will be remorning. John T. Deemar, the physician to Mrs. William Thaw's family, will follow Dr. Evans, and then will come Dr. Wagner. After these have testified, Mrs. William Thaw herself will take the stand, according to present plans. The defense may, there fore, conclude by Monday or Tuesday of

Only One or Two Clashes.

If Mr. Jerome moves for a lunacy commission, it is understood he will do so during the taking of the rebuttal testimony next week.

It was expected that Dr. Evans and Jerome would have a lively duel during the cross-examination of the witness, but there were only one or two clashes, in which the honors appeared to be about evenly divided. The examination dragged at times and Mr. Jerome eldom raised his voice above the low, placid tone he so frequently assumes.

Thaw Makes a Statement.

During the cross-examination of Dr. told the reporters he was preparing a the men, which in reality means statement. His action attracted the attention of his lawyers, who apparently wished to dissuade the defendant from making a formal statement public. However, this, written upon a scrap of paper finally reached the press table:

"This is the second statement Thaw has made since August 18, "'With chances of a million to on against her, it is wonderful that Mrs

(Concluded on Page 3.)

THIS HAIR WAS GROWN WHILE WAITING FOR HARRIMAN TO BUILD NEW RAILROADS

IN OREGON.

TESTIMONIAL -"After using Harriman's Promise tonic, we can truthfully say it has accomplished more

than we expected of it. We recommend it to anybody who can wait long enough or live long enough. It

is a sure antidote for hurry." And we can prove it.

RAILROAD STRIKE THREATENS WEST

Ballot Will Be Taken by 30,000 Men.

LAST WORD FROM MANAGERS

Say Limit of Concessions Has Been Reached.

DISAGREE ON OVERTIME

Same Price for Trainmen and Conductors on Run Regardless of Time-Strike May Tie Up Forty-two Roads.

CHICAGO, Feb. 27,-(Special.)-Negotiations between the railroad managers and the trainmen and conductors were abruptly terminated tonight without an agreement being reached. The question of the greatest strike in railroad history is now up to the men. Committees representing 30,000 men on 42 railroad systems throughout the West left the city tonight, carrying with them the strike ballots to be voted on. About 15 days will be required to take a secret ballot.

That the vote will be in favor of accepting the compromise offer made by the railroads is not expected. The ballot places the two questions before the men whether they shall accept the offer or place the authority to order a strike in the hands of their executive officers. If a strike vote is car ried, the officers will again put the matter up to the general managers be fore calling out the men.

Managers Concede No More.

Several concessions were offered by the general managers, but few of them were acceptable to the committee. Tonight the officers received a communication from the general managers stat ing that they had reached the limit and would go no further. The committees replied that they also made all the concessions from their original demands that they felt justified in making, and it was up to the rank and file of their respective organizations to de cide on the next step.

The offer made by the railroads averages about 8 per cent increase in wages, with practically no change in the hours of working condition men on all freight trains were offered a flat increase of 10 per cent, while men on passenger trains were offered less than 7 per cent increase. Evans, Thaw began to write rapidly and eight hour day originally proposed by speed of 1216 miles an hour Instead of 10 miles, as at present, was waived during the conference and a substitute of 11 miles an hour or a nine-hour day proposed. The managers refused to make any concession on the question of hours, except that on one or two roads, where the wages are now based on 12 hours a day, a reduction was offered of 10 hours as a basis,

In the original demands the men asked for time and one-half for over-

time. This demand they also waived and offered to accept a pro rata scale for overtime. On some of the roads no allowance was made for overtime. The men were paid by the 100 miles, and if it required 15 hours to cover the distance they were paid for 100 miles, the same as if they covered the dis-tance in 10 hours. Where these conditions prevailed, the managers offered to pay pro rata wages after 10

The negotiations between the railoads and the trainmen and conductors have been carried on in almost daily conferences since January 21, and every inch of the ground has been contested. Last Thursday both sides were on the verge of a break, but the following day the railroads made further concessions, which prolonged the onferences. The last conference was held Monday and the offer of the oads was rejected by the committees They sent notice to the general man agers of their action and waited to



master-General, Who Is About to

hear the final decision of the railroads

FEVER PROSTRATES CREW

Battleship Connecticut May Lose Many Men by Typhoid.

NORFOLK, Va., Feb. 27 .- The battleship Connecticut, proceeding southern waters to New York with an epidemic of typhoid fever among her crew, was in communication with Norfolk by wireless telegraph tonight when off the Virginia capital.

A message from the Connecticut says are in a critical condition The ship should reach New York to

morrow afternoon.

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BUSTING" TRUSTS

Roosevelt First to Win Victories.

TRUST FORMED TO FIGHT TRUST

How Dark Tobacco-Growers Broke Monopoly.

STANDARD OIL'S DEFEAT

Four Brothers Have Almost Driven It From New England-Bernhardt's War on Theater Trust. Bribes From Magnates.

WASHINGTON, Feb. 22.-(Special.)-

While it would be extremely difficult to bring out for exhibition any broken pieces of a "busted trust," yet the effort to curb the combinations in going on and their power in the United States is not increasing as it was a few years ago. Fighting the trusts with the law is one thing and fighting them with another trust is another. There is world-old belief that the only effective way to fight the deviis with fire

The Sherman anti-trust law, under which the Federal anti-trust actions are brought, became a law just after the befinning of President Harrison's administration. During the Harrison regime four bills in equity were filed and three indictents were found. The total result was to enjoin a coal trust in Nashville, freight traffic association in St. Louis and Northwestern lumber combination, The indictments all falled. During Mr. Cleveland's second administration the anti-trus law was invoked only against combin tions of labor, not capital. During Mc Kinley's administration little was heard of the anti-trust law. Three bills in equity

were filed, but no indictments returned Under President Roosevelt's administration thus far 11 hills in equity have been filed and 12 indictments returned. In the quity proceedings six injunctions have been granted and others are pending From the indictments one conviction has een secured, in one a plea of immunity was made and the others are pending Until the Roosevelt era the Government eat its cases under this law with startling regularity. Now the Government wins with uniformity. There is apparenty some virtue in the influence of public opinion, even upon the courts.

Victory Over Tobacco Trust.

There are a few instances in which the cople have banded together to match their skill against the encroachment of the combinations. In what is called the 'Black Patch" of Kentucky and Tennessee, the principal crop is dark tobacco. This grade of the weed is sold exclusively in Europe, most of it to Italy, Austria, France and Portugal, in which countries the tobacco business is a government monopoly. There is no American market for this heavy, dark tobacco. The American trust and its British cousin. the Imperial Tobacco Company, and The Regie, which buys for the European countries, went into a combine and about five years ago the tobacco-growers awoke to find that there was but one customer on earth to whom they might sell their crops. And that customer would offer but 3 or 4 cents a pound for tebacco which had been selling for from 8 to 10 cents.

In 1902 a meeting was held at Guthrie, Kentucky, and the Dark Tobacco Planters' Protective Association was formed. It was resolved to limit the area planted and to hold the crop for high prices. Bankers and moneyed men of the section and neighboring cities offered the necessary financial aid and the movement grew. The trust fought bard and tried to enforce its division of territory among its own buyers. It offered to pay high prices to those growers who would not oin the association and tried to tempt the members by the same means. There were riots and incendiary fires and all but pitched battles.

But last Fall the Italian government Regie tobacco for from 6 to 10 cents a pound, or twice as much as the price fixed by the trust. The man who has of Cedar Hill, Tennessee, a man of an aristocratic Southern family who lived over half a century without any care other than for his own farm, and then suddenly took up the gage thrown by the trust and led the "embattled farmers" to victory. Thirty-five thousand tobacco-growers cheered him at the an-Thirty-five thousand nual meeting in Guthrie last September and every one of them had made a per-sonal sacrifice of money to aid in the successful fight against their common

Standard Driven From New England

The Standard Oil Company is the greatest of the trusts, and there is a belief, perhaps well founded, that, when tr falls, the whole system must go. Although scourged out of Missourt in theory, being driven from Texas, on the rack in Ohlo and Indiana, and being prosecuted by various other states and by the Federal Government, the Standard Oll has known no fight persistent, no enemy so annoying, as it has found in the local competition entral New England known as the Four Brothers' Oil Company. This independent concern has forced

(Concluded on Page 2.)