

OFFICERS OF BANK WILL BE ARRESTED

District Attorney to Proceed Against Them on Complaint of Depositor.

STEEL MAY BE PROSECUTED

State Treasurer Violated Law in Depositing School Funds Without Security—Says He Will Not Resign—Holidays Continued.

Developments yesterday in the affairs of the Title Guarantee & Trust Company were as follows: District Attorney Manning says he will cause the arrest of officers of the bank today on complaint of C. F. Ehman, who deposited \$1300 the day before the bank closed. Ehman agreed to swear to complaint charging the bank officers with having accepted deposits when they knew the bank to be insolvent, contrary to law.

District Attorney Manning acting in capacity of grand jury, yesterday examined J. Thorburn Ross, president of the bank, who testified to the facts as already published, and said he considered the bank solvent up to the day of closing. He still considers the assets, he said, sufficient, under normal conditions, to pay obligations.

State Treasurer Steel's violation of law in depositing \$300,000 school funds without security is considered by District Attorney Manning, of Multnomah, and District Attorney McNary, of Marion, as basis for criminal prosecution.

Opinion that Steel should resign is held in numerous quarters and is shared by Governor Chamberlain, but Steel says he will not resign. Resignation would enable the state to sue some of the officers of the bank. Steel declares he deposited school funds believing bank was solvent and that the universal opinion at that time was that the bank was solvent.

Governor Chamberlain will continue holidays indefinitely, and probably will issue one proclamation for all of next week. Cash of bank now so low that it was insufficient to make good the trust funds after one closing and the bank drew on deposits on other cities to make good the deficiency.

Trust funds amount to \$30,000, of which \$50,000 has been deposited at Ladd & Tilton's, drawing interest, but it could not be loaned yesterday because of the interest, or what was the rate.

These trust funds yesterday were transferred by Receiver Hill to First National Bank.

Receiver Hill says he does not expect to resign, and that he will conduct the bank's affairs without fear or favor to the interests of the depositors. He declines to predict what percentage the bank will pay out, and when asked if the percentage will reach 40 cents on the dollar, he said it would go considerably higher than that.

First steps in the investigation of the wrecked bank by District Attorney Manning were made by that official yesterday afternoon when, sitting as grand juror, he examined the officers of the bank, who had been arrested on the fall institution, J. Thorburn Ross, on the preceding day. Mr. Manning summoned Mr. Ross and W. M. Ladd, who had been arrested, but did not examine them at that time.

Today Mr. Manning says he expects to issue warrants for the arrest of the officers of the bank. Mr. Ross, George H. Hill, vice-president; T. T. Burkhardt, treasurer; John E. Atchison, secretary; and Frank M. Warren, fifth director.

fairgrounds after the Lewis and Clark Exposition John F. Shields is the president. Shields holds the stock in trust for the Title Guarantee & Trust Company. He is also president of the Colonial Investment Company, which secured the Goldsmith-Hill tract and the Bythe gulch tract at the fairgrounds.

Mortgage Assigned to Steel. The Texas-Oregon Timber Company owns title to 900 acres of timber land near Silverton, in Collier investment company. This mortgage was assigned to Treasurer Steel just before the failure of the bank, as security for the state funds.

The Title Guarantee & Trust Company advanced to Ladd & Tilton in all \$23,000 through the Colonial Investment Company, to which Pence stands indebted. McMillen was guarantor for the advances made to Pence, but a dispute arose as to the extent of McMillen's guarantee. McMillen got into a litigation, and it looked as if his guarantee would not be worth much to the Title Guarantee & Trust Company.

Mr. Ross arranged to buy out McMillen's interest in the Portland Development Company at a cheap price. He paid McMillen \$72,000 and assumed the unpaid purchase price mortgages. Mr. Ross considered the increasing value of the land would indemnify the Title Guarantee & Trust Company for the losses caused by Pence. The lands at Williams-Helms are encumbered by mortgages and other obligations amounting to \$250,000. The Title Guarantee & Trust Company's investment in Pence and the lands amounts to \$300,000.

When the Marquam Grand Theater was sold \$30,000 was paid to the Oregon Company and a mortgage was given on the property to Ladd & Tilton for \$10,000. The mortgage on the whole building was then reduced from \$30,000 to \$20,000.

The Title Guarantee & Trust Company has never paid any dividends, and its earnings above expenses and interest went into surplus.

A law passed at the last session of the Legislature declares that officers of a bank, who shall receive any deposit knowing that such bank is insolvent, shall be deemed guilty of a felony. District Attorney Manning holds this law in force and says he will use it to prosecute officers of the wrecked Title Guarantee & Trust Company, who received deposits up to the last day of business, though the cash on hand had dwindled to \$5000 and the total deposits were \$1,800,000.

This morning C. F. Ehman, of 24 East Third street, a real estate dealer, who deposited \$1200 in the bank before the bank closed, and \$50 for his brother, Godfrey Ehman, has agreed to swear to a complaint charging the bank officers with criminal violation of the law. The officers are J. Thorburn Ross, president; George H. Hill, vice-president, and now receiver; T. T. Burkhardt, treasurer; John E. Atchison, secretary; and Frank M. Warren, fifth director.

Ross Before Grand Jury. Mr. Ross was summoned to appear before District Attorney Manning yesterday, as before a grand jury. He testified that he believed the bank fully solvent up to the closing, and that he solvent yet, if the full value of the assets can be realized.

If criminal proceedings shall be instituted against State Treasurer Steel for breach of trust, still the school money to the bank without security, that may not be done at once. Governor Chamberlain believes that the school fund was not considered a depository of state funds, and that since Steel can be prosecuted one month or two months hence, if guilty of breach of trust, with criminal intent.

The Governor says he has not reached a conclusion as to whether Steel can be prosecuted. If the school fund deposit of \$300,000 had been impounded, Steel's resignation would enable the state to bring proceedings at once to collect from the surety company and the bondsmen. Otherwise there can be no official knowledge at this time of the loss, since Steel is required to make an accounting only to his successor. In the latter part of December, the next quarterly statement of the State Treasurer is due, but it is not certain that this would suffice to warrant instituting suit against the surety company and the bondsmen.

Are Examining the Bond. Chamberlain, Benson and Crawford are looking into the status of the American Surety Company and Crawford is making a special study of the timber land collateral, which was assigned by the broken bank to Steel, as security. This collateral is held by the First National Bank, for \$150,000 advanced by it and Ladd & Tilton in the last 30 days, to strengthen the ability of the bank to meet its obligations. After that date, the collateral is security for the state funds, for indemnity of Steel personally. It consists of a \$428,000 mortgage on timber land in Marion County and a trust deed to 15,000 acres of timber land in Benton County, said to be worth at least \$500,000.

The agreement on this collateral to Steel, making the state a preferred creditor, is of questionable validity. Mr. Crawford is looking to it that the state bank, which has the collateral, means to protect its money, in order thereby to strengthen the state's hold on the surety company.

state do not want me to give up the office." Depositors will fight the preferred creditors in court, and will seek to make the state share pro rata with them. The depositors have not come together to make plans yet, but are expected to organize soon.

The several departments of the company will resume business next Monday, says Receiver Hill. He will retain about ten of the old employees, one of whom is T. T. Burkhardt, treasurer. As evidence of Mr. Hill's independence of the old management, his friends remark that Ross has not entered the bank since the receivership.

Receiver Hill yesterday ordered the trust funds in Portland, amounting to \$99,000 out of the Ladd & Tilton bank into the First National. The trustee of the funds, John F. Shields, surrendered them without opposition. These funds have been kept at Ladd & Tilton's, but the reason was not explained yesterday. Treasurer Burkhardt declined to reveal the interest; they drew and to whom it was the only one that had failed, made a very unpleasant showing for the custodian of the state's funds.

It has been asserted by men connected with banking institutions that in the last few months the Treasurer has reduced his deposits in other banks and rapidly increased the amount deposited in the trust company bank.

Governor Is Investigating. In 23 banks there is now deposited approximately \$300,000, or about \$3000 each. The Title Guarantee & Trust Company bank there was a deposit of nearly \$400,000. Governor Chamberlain, Secretary of State Benson and Attorney-General Crawford are looking into the matter, and will determine definitely, if possible, how the state's funds and securities stand. They intend to take every possible precaution to guard the state's interests.

Mr. Crawford has prepared a formal demand upon the American Surety Company, which is surety on the bond given by the public deposit books as late as the state's deposits. This same company was surety on the bond of the Oregon Trust & Savings Company, which failed last year. The surety company paid the state's claim in that case in full without the least delay. Mr. Steel and the Receiver Hill are now \$25,000 in payment on this \$100,000 bond.

District Attorney Looking Up Law. District Attorney McNary has been looking into the state laws, but has not yet reached a conclusion upon the question whether the State Treasurer has violated his duty in depositing school funds. Mr. McNary has been furnished with a list of the state's deposits, and will be able to compare the state's expenditures.

Ladd's Name a Drawing Card. PORTLAND, Nov. 7.—(To the Editor.)—Sir: As touching the failure of the Title Guarantee & Trust Company I have no reason to doubt the statement made by Mr. Ladd that he retired from the presidency and the directorate in July, 1906. Such being the case the Title Guarantee & Trust Company perpetrated a fraud on the public deposit books as late as November 27, 1906, when I first put money in there on the backs of which can be found the following information, which was, as they well knew, a drawing card:

Officers: President J. Thorburn Ross, Vice-President T. T. Burkhardt, Secretary James E. Atchison, Asst. Secretary George H. Hill, Asst. Secretary W. M. Ladd, J. Thorburn Ross, T. T. Burkhardt, George H. Hill, Frank M. Warren. A VICTIM.

Union Men Advocate State Bank. The establishment of a state bank under state ownership and control to be put under the initiative was favored by the adoption of a resolution to that effect by the Federated Trades in its regular meeting last night. A committee was appointed to undertake the matter.

HOLD A MAMMOTH RALLY. University Students Enthusiastic Over the Big Game. EUGENE, Or., Nov. 8.—(Special.)—Tonight was held the largest and most enthusiastic football rally in the history of the University. Over 200 rosters marched in the serpentine, led by Yell Leader Arthur VanDusen, and yelled themselves hoarse when he gave the cue with his mammoth megaphone.

EUGENE HAS CLEARING-HOUSE. Four Banks Unite and Certificates Are Issued. EUGENE, Or., Nov. 8.—(Special.)—At a meeting of the bankers of Eugene banks have organized a clearing-house association. The officers are as follows: T. G. Hendricks, of the First National Bank, president; F. W. Osburn, of the Eugene Loan & Savings Bank, vice-president; and S. S. Spencer, of the Merchants Bank, secretary. There is talk of the leading bank of the Willamette Valley to organize an association among themselves, and in that case the local organization will become ineffective, the banks here joining with those of other cities in the valley.

Certificates at Aberdeen. ABERDEEN, Wash., Nov. 8.—(Special.)—At a meeting of the bankers of Chehalis County and prominent business men of the cities of Grays Harbor a plan of issuing clearing-house certificates similar to those issued in other cities was adopted. Since the meeting about every business man and mill owner on the harbor has signed an agreement to accept the paper, and it is expected the issue will be started today or Monday.

TWICE AS MUCH AS ALL OTHER BANKS

Title Guarantee & Trust Carries Most of the Funds of the State.

OTHER DEPOSITS REDUCED

State Treasurer Steel Has Been Withdrawing Funds From Other Banks and Placing Them Here—Officials Investigate.

Salem, Or., Nov. 8.—(Special.)—There were no new developments today in the state treasury tie-up except the disclosure that the Treasurer had money deposited in the Title Guarantee & Trust Company as in all the others combined. This circumstance, in view of the express power of any bank in which he has deposits, and the further fact that the bank in which he placed the bulk of his funds is the only one that has failed, makes a very unpleasant showing for the custodian of the state's funds.

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SPECIALS AT GEVURTZ

SATURDAY ONLY. A collection of unusual values for this one day.

\$15.00 BOOKCASE \$8.50. In the quartered oak finish; five shelves, double doors, with good, clear glass; an excellent value at the regular \$15.00 price. Today \$8.50.

\$3.50 AIRTIGHT WOOD HEATERS \$1.75. Only a few left from yesterday's selling, but enough for early-day patrons; an excellent steel body, and steel-lined heater.

\$35.00 BUFFET \$19.50. A special attractive number: Handsome quartered oak Buffet, with French plate mirror and every appointment for all conveniences. Today \$19.50.

COMFORTS AT ABOUT HALF. \$2.75 Values \$1.45. \$4.00 Values \$2.15. Department on Second Floor.

Special Reduction on Chinaware in the Basement Department. In the Ladies' Suit Department—For today only, the sale of \$12.50 Silk Petticoats, all leading colors, at \$4.85.

LARGEST and BEST FURNITURE HOUSE in OREGON—EXCLUSIVE AGENTS THE GREAT "ECLIPSE" RANGE and HEATER.



Salem for the first time today and are being issued by the local banks in accordance with action taken at a banquet of the Business Men's League last night. They are being accepted at par.

WORK ON MURDER THEORY. Police Find New Evidence in Case of George Gale. SEATTLE, Wash., Nov. 8.—(Special.)—The police tonight began working on a theory that George Gale, run over by a Green Lake car at Fremont early yesterday morning, was murdered. Edgar Varney, the last man seen with Gale, is under arrest, and a Coroner's inquest has been ordered to investigate.

The new police theory is that Gale was murdered and thrown on to the car track. The first story was that he was crawling on hands and knees on the track when the car struck him. Motorman W. J. Inman told that story to the police twice, but he told Coroner Carroll today that Gale was lying on the track. Gale had asked Mrs. C. Murphy, proprietress of the Dixon Hotel at Fremont, to marry him, and Mrs. Murphy is pressing a demand for an investigation of the murder. A mysterious woman telephoned to Coroner instructing him to look into the case as murder, and the police are practically certain now that Gale could not have been drinking prior to his death.

Senator Piles Appoints Secretary. SEATTLE, Wash., Nov. 8.—(Special.)—E. L. Crider, a young Seattle lawyer, has been appointed private secretary to United States Senator Piles, succeeding

Thomas Payne who was recently elected secretary of the State Commission for the Alaska-Yukon-Pacific Exposition. Crider has been associated with the law firms of Shepard & Lerter, E. Heister, Gule & Piles, and Donworth, Howe & Farrell.

Will Hold Road Meeting. A road meeting will be held at 2 o'clock this afternoon, in Damascus, to consider the question of levying a special tax to improve the roads in that district. A considerable number of the roads at and around Damascus is being improved. It is desired to get a rock crusher in the district. C. Weidner, who has been prominent in road matters, says that there is plenty of good rock for road work in that neighborhood.

To call the doctor—"Home-Phone-It."

Advertisement for KEITH'S KONQUEROR SHOES for MEN. \$3.50 \$4.00 \$5.00. Many competitors but no equals. Merit makes them stand alone. Preston B. Keith Shoe Co., Makers, Brockton, Mass. SOLD BY W. J. FULLAM, 283-285 Morrison Street.

Advertisement for DR. PRICE'S WHEAT FLAKE CELERY FOOD. Dr. Price, the famous food expert, has produced a product called DR. PRICE'S WHEAT FLAKE CELERY FOOD which is considered to represent the highest food production. Its healthful qualities are unsurpassed. For sale by all Grocers.

Advertisement for Loo K! High Cut Shoes. Could you survey the entire output of the world's shoe manufacturers, you will find nothing superior to Kirkendall's High Cut Storm Shoe as a shoe for rough service. Kirkendall's Celebrated High Cut Shoes. When finished for the purpose and properly cared for, hurl defiance at slush, mud, snow, and enable their wearers to go through water-dry-footed. Unexcelled in appearance, stock, workmanship, finish and wearing quality. The illustration shows our Drak Veal Sporting Boot made with the justly famous Electric or Rock Oak Sole, Genuine Goodyear Welt. Proper foot ventilation is given, keeping the feet warm, comfortable and preventing "clamminess" or "drawing." Beyond all question of doubt these are The Ideal Storm Shoes for all Purposes. We also make these shoes in first grade quality of Tan Box Calf with two full over-weight Rock Oak soles, Goodyear Welt, silk lined, and with fancy ribbed leg; or of Reindeer Calf Viscosel, making this shoe as nearly water-proof as leather can be made; heavy single or two full Rock Oak soles, with strap and buckle if desired. We make high cut and standard cased fastened shoes in various leathers and lasts. No shoes better made—No better shoes made. If your dealer cannot supply you, write us. We'll learn why and advise where you CAN get them. F. P. KIRKENDALL & CO., Omaha, Nebraska. Western Made for Western Trade.