



"HE LIED TO ME," SAYS GOVERNOR

Chamberlain's Sharp Reply to Steel.

FALSE REPORT ON FUNDS

State Treasurer Accused of Careless Methods.

WHY HEAVY BOND NEEDED

Executive Replies to Critics That He is "Playing Politics"—Refuses Longer to Bear Ugly Slings in Silence.

SALEM, Or., Dec. 23.—(Special.)—"State Treasurer Steel lied to me twice about the state funds in his hands and I see no reason why I should credit him now when he says he has but \$200,000 on hand," said Governor Chamberlain tonight, in discussing the criticisms aimed against him by friends of Steel, in an article published in today's Oregonian.

"It is my duty to see that the State Treasurer gives a good and sufficient bond. I have asked him to furnish a bond in the sum of \$500,000 and Steel's friends say I am trying to force him out of office for purely political purposes. The Treasurer's semi-annual statement last July showed \$900,000 on hand, and yet he had given bonds to the amount of only \$300,000. I called for an increased bond, as it was my duty to do, and Steel protested that the sum on hand had been greatly reduced and that he had ample security for all the funds he had in the banks. On that showing I consented to let the bonds stand at a total of \$500,000. When the Title Guarantee & Trust Company failed it was found that Steel had nearly \$300,000 then without security. Yet Steel told me in a letter which has already been published that he had taken security for everything.

Not Taking Chances.

"On November 12 I asked him for a statement of funds on hand and he gave me a carefully prepared statement, which I now have. It showed \$485,541.19 on hand. I told him it did not look right to me, and he took it back and added \$50,000 to it. He lied about the funds the first time, and I have no means of knowing whether the \$50,000 he added covers everything or not. Since he lied to me twice, I don't intend to take any chances with him.

"Steel's friends say that demanding a \$500,000 bond is 'playing politics.' If that is 'playing politics,' I am willing to plead guilty.

Treasurer's Loose Methods.

"Steel's friends try to excuse him by saying that he did not know how much money he had in the bank of the Title Guarantee & Trust Company. That is the best reason I could have for demanding a good bond. The statements he has made to me and the public indicate that Steel knows and cares very little about the funds and securities in his hands. Is it 'playing politics' to demand a reasonable bond under such circumstances?

"In answer to the charge that I am trying to force Steel out of office, it is only necessary to say that I gave him 30 days in which to get the bond which I could, and by rights should, have demanded it once. During this 30 days the Treasurer is without a bond and the state is taking the risk of loss. Experience shows it is something of a risk.

"In the article in today's Oregonian, Steel's friends are quoted as expressing the belief that I will refuse to accept some of the surties on Steel's new bond. I do not now know a single name that is on that bond. When the document is presented to me I shall appoint a competent and disinterested citizen of this state to investigate the financial standing of the surties. If they are good they will be approved; if they are not good they will be rejected. If that is 'playing politics,' then I am guilty.

Strikes in Self-Defense.

"In their statement in today's Oregonian, Steel's friends admit that some of the men on his present bond are insolvent. Yet they accuse me in advance of being over-exacting regarding his future bondsmen. If his surties have proven insolvent in the past, it is not that the more reason why I should be careful whom I approve in future? Bonds are not mere formalities to be lightly given and carelessly approved. It is made my duty to examine the treasurer's bond and that duty will be performed without fear or favor.

"I have no desire to injure Mr. Steel or hinder him in procuring his bond, but when he lies to me about the state funds and then goes out and abuses me for asking that a reasonable bond be given within a reasonable

time, I do not propose to bear it in silence.

NOT ANXIOUS TO OUST STEEL

Governor Would Be Embarrassed With Democrat in the Office.

SALEM, Dec. 23.—(Special.)—Though it has been reported, and is generally believed, that Governor Chamberlain would like to have State Treasurer Steel resign in order that he, the Governor, might appoint his successor and thereby control the political patronage of the state boards, it is said by close friends of the Governor that this is not the case. On the other hand, it is declared that the Governor would be greatly embarrassed if he should have the appointment of a Treasurer.

The Governor is on record as favoring the retention of present incumbents in state institutions as long as they give satisfactory service. If the Democrats should have control of the governing boards it is said that there would be such a rush of Democrats to the pleasure that the Governor would find it necessary to go back on his principles and make enemies of many of his party supporters.

So far as he has opportunity, the Governor has filled most of the important offices with Democrats, and the Democrats will expect him to oust a Republican and put in a Democrat wherever he shall have a chance in the future. If he should have opportunity to appoint a State Treasurer, he would be expected to appoint a Democrat, and then the Governor and his appointee would control the sayings, reform school, fish commission, mute and blind schools, and several other boards and commissions. Democrats have had small opportunity at the pleasure for many years, and are said to be exceedingly hungry. If forced to acquiesce in their demands, the Governor would lose many Republican friends, upon whom he depends for the votes necessary in an election in such a strongly Republican state as this.

It is this circumstance, so friends of the Governor say, that depends so vitally on avoiding the appointment of a State Treasurer.

DEEDS SONG BY KIPLING

SURVIVORS OF MUTINY CELEBRATE THEIR JUBILEE.

Of 1200 Veterans Living, Only 700 Attend Reunion — Roberts Heads Venerable Host.

LONDON, Dec. 23.—"The remnant of that desperate host," as Kipling describes the veterans of the Indian Mutiny, gathered this afternoon in Albert Hall to the number of more than 700 to commemorate the golden jubilee of the struggle which ended in the Indian Empire being saved to Great Britain.

On the pension roll in the War Office are the names of 1200 survivors of the mutiny, to each of whom an invitation was sent for the reunion, but old age prevented many from attending. Lord Roberts, who presided, read a telegram from the King, who expressed the appreciation of the whole empire for the services rendered by the army of which the veterans were members.

Lord Curzon, chancellor of Oxford University, gave the toast, "The Survivors of the Indian Mutiny," and Lewis Walter, the actor, recited verses especially written by Rudyard Kipling, of which the following is one:

Today across our fathers' graves,
The astonished years reveal
The remnant of that desperate host
Which cleaned our East with steel.

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HENNEY ARRANGES FOR LAND TRIALS

Confers With Roosevelt and Bonaparte.

NOT PLEADING FOR BRISTOL

Prosecutor Refuses to Discuss His Mission.

LUNCHES WITH PRESIDENT

Denies He Went East on Bristol's Behalf, but Will Come Direct to Portland — Deadlock About Bristol's Successor.

OREGONIAN NEWS BUREAU, Washington, Dec. 23.—Francis J. Henney arrived here this morning and took lunch with the President. Tonight he had a conference with the President at the White House, but announced before and after that he had nothing to say either as to the object of his trip East, the subject of his conference or his result.

Mr. Henney traveled from Chicago in company with Attorney-General Bonaparte, but the latter stopped off at Baltimore, and is not expected to return to Washington until after Christmas. When he reached his hotel Mr. Henney was met by a large party of newspaper correspondents, but in response to all inquiries he smilingly replied:

"I have nothing to say."

At luncheon at the White House today other guests were present and public affairs were not discussed, but tonight's conference is supposed to have had direct bearing both upon the status of District Attorney Bristol and upon the prosecution of the land fraud cases.

In answer to a direct question whether he came East in Mr. Bristol's behalf, Mr. Henney replied: "I did not." Further than that he declined to make any statement other than to reiterate that the land trials would begin January 11 and that he himself would prosecute. All efforts to induce him to go into details were without success.

"When I tell you I have nothing to say it is useless to ask me all manner of questions," he answered, "for I'll not answer them." Mr. Henney expects to leave for Portland tomorrow night.

DEADLOCK ON APPOINTMENT

Bourne and Fulton Disagree on Successor to Bristol.

OREGONIAN NEWS BUREAU, Washington, Dec. 23.—Indications point to a deadlock in the Oregon delegation over the nomination of a man to succeed District Attorney Bristol. Senator Bourne is

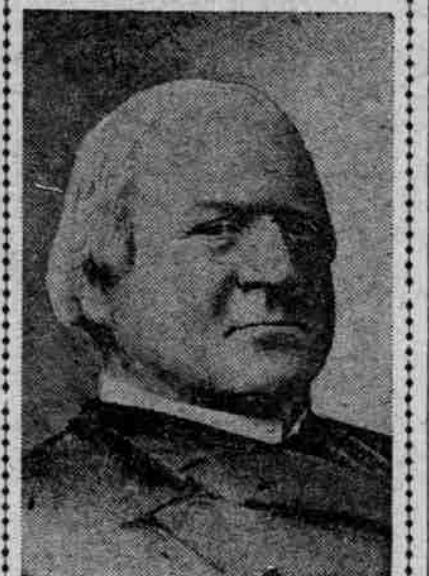
expected to stand pat for Chris Schuebel, regardless of the intentions of the remaining members not to endorse him. An effort will be made to have a meeting this week with a view of making a recommendation before Senator Fulton leaves for Oregon. He will leave here this week for New York and then go to Oregon to remain until the close of the recess.

Mr. Fulton saw the President this morning, but did not discuss the attorneyship. He declines to talk of F. J. Henney's visit.

ARRANGES WITH BONAPARTE

Henny Says Trials Will Begin January 13.

WASHINGTON, Dec. 23.—January 13 is the date set for the trial of the land-fraud cases in Oregon. This announcement was made tonight by Francis J. Henney, of San Francisco, the special representative of the Department of Justice, who has for some time been in



John M. Harlan, Associate Justice of the United States Supreme Court, Who Celebrated His Thirtieth Year in That Position and His Golden Wedding Yesterday.

visiting the Oregon land-fraud cases and who will assist in conducting the trial of these cases. This decision was arrived at today at a conference between Attorney-General Bonaparte and Mr. Henney, held on their way to Washington from Chicago, where the two men met.

Mr. Henney stated that a definite agreement was reached between the Attorney-General and himself in connection with the Oregon land-fraud cases, but further than the announcement of the date of the beginning of the trial Mr. Henney declined to tell the nature of the agreement.

An important conference was held at the White House tonight between President Roosevelt and Mr. Henney, at which the status of the land-fraud cases in Oregon was considered, but Mr. Henney declined to say what was the result of his talk with the President. Mr. Henney came here by appointment to see the President. He expects to leave for Portland, Or., tomorrow.

Motter Stands Good Chance.

OREGONIAN NEWS BUREAU, Washington, Dec. 23.—Frank Motter, ex-reading clerk of the Oregon Legislature, is one of nine candidates for reading clerk of the United States Senate, to be given further trial in January. In his preliminary test, Mr. Motter made a splendid impression and it is said he stands a good chance of appointment.

NO RECORD LEFT OF HIS DEALINGS

Banker Admits Destroying All Papers.

DONE TO HIDE OVERDRAFTS

Grand Jury Learns Secrets of Hamilton Bank.

FROM PRESIDENT'S LIPS

Two Days After Wrecked New York Institution Closed, Montgomery Made Away With All Proof of Guilty Transactions.

NEW YORK, Dec. 23.—(Special.)—William R. Montgomery, president of the Hamilton Bank, which closed its doors on October 23 last and is now in the hands of a receiver, appeared before the grand jury today and, while being examined under oath by Assistant District Attorney Isador J. Kresel, confessed:

"That within two days after the bank closed he removed from it every voucher bearing his name.

"That he took away from the bank every deposit slip showing how his account stood at the time it closed.

Destroyed Every Record.

"That shortly thereafter he destroyed every slip of paper which would have explained his dealings with the Hamilton Bank.

"That he has not retained a single check stub showing how and for what purpose his checks on the bank were drawn.

"That he never kept any book accounts while connected with the Hamilton Bank.

"That on August 30, 1907, while he was a vice-president and a director of the bank, his overdrafts amounted to \$12,500.

"That on or about September 8, 1907, his overdrafts on the bank amounted to \$21,000.

"That later on his overdrafts were increased to \$24,000. All of them, however, were paid up before the bank failed.

Never Kept Account Book.

The grand jury today commenced its investigation of the affairs of the Hamilton Bank, of which E. R. Thomas was president until three days before it closed. Mr. Kresel, after being told what had been rumored of Mr. Montgomery's testimony, said:

"Yes, what you tell me is true. I have questioned Mr. Montgomery and he admitted that within two days after the bank closed he took from it not only the vouchers, but also the deposit slips of his account, and when I asked him what he had done with them he

said he had destroyed them. Now the grand jury cannot get hold of these papers.

"But that is not all," continued Mr. Kresel. "Mr. Montgomery has not even a checkbook, he says. He declares he never kept a book of accounts while he was connected with the bank."

Liable to Fine and Prison.

The investigation of the bank's affairs will be continued before the grand jury tomorrow. Mr. Montgomery will be given an opportunity to explain. If he can show he came to destroy every slip of paper showing his dealings with the bank after the crash came.

There appears no doubt that Mr. Montgomery is liable for overdrawing his account. Section 800 of the penal code provides that any bank officer is guilty of misdemeanor who overdraws his account or who asks or receives commission or gratuities from persons making loans. A misdemeanor is punishable by a fine of \$500 or a year in the penitentiary or both.

CALIFORNIA BANKS REOPEN

Conditions Again Normal Except Certificates Still Circulate.

SAN FRANCISCO, Dec. 23.—The period of legal holidays declared by Governor Gillett to meet the recent financial stringency having expired at midnight last Sunday, the banking business transacted today was as usual today. Normal conditions prevailed and there was no run or crush of people anywhere. Many deposits were made and the withdrawal of funds did not exceed the amount customary during a day's business.

Clearing-house certificates continue in circulation, but when coin was required it was readily obtainable. Certificates were generally accepted and in only a few instances was coin demanded and insisted upon by the banks.

The savings banks have the protection of from 30 to 60 days' notice required for withdrawals, but beyond the drawing of small sums with which to make Christmas purchases, there were few requests for withdrawals.

"There has been little or no demand from country banks for shipments of coin, which indicates that they are in good shape to take care of their business," said Mr. King, cashier of the Wells-Fargo-Norfolk National Bank, and Mr. Wilson, vice-president of the American National bank.

"Business today is about the same with us as on any Monday during the past month, with a possible improvement. As a matter of fact, the balances of the clients of nearly all the banks have been growing smaller since the holidays were declared because of the inability of merchants and others to make collections. I think the financial situation in this city is better than it has been for some weeks, but that the smaller denominations were being rapidly retired.

At the First National Bank it was stated that, owing to the scarcity of gold, certificates would continue in circulation for some weeks yet, but that the smaller denominations were being rapidly retired.

LOS ANGELES, Dec. 23.—The suspension of legal holidays had no apparent effect upon the business of this city today. Banks transacted business as usual and there was no better or worse than ordinary change in conditions. Clearing-house scrip is still largely used as a circulating medium. It has not been announced when the bankers will retire them.

SQUEEZE COUNTRY MERCHANTS

New York Banks Devise Scheme to Force Deposits.

NEW YORK, Dec. 23.—The Journal of Commerce this morning says:

"Commission houses and other wholesale distributors of New York are becoming restive under what they consider distinct absence of appreciation by their interior customers. During the recent panic, when it was impossible for these customers to purchase New York exchange, the wholesale trade here showed every possible consideration, going so far as to accept checks on their customers' local banks, in settlement of accounts, and then holding such checks until collections were possible.

"It appears that this system having once found a footing, has grown much in favor among the interior dealers, and out-of-town checks are, it is understood, forming a much greater proportion of the remittance to New York than has been the case for years.

"The contracts made by New York merchants usually specifically call for payment in New York exchange, and there is a distinct disposition on the part of the larger class of merchants to compel a full recognition of this requirement. Any waiving of this provision possesses a distinct interest for New York banks, in that the country institutions have less incentive to keep funds on deposit here so long as their customers are not buying New York exchange, and this, in turn, encourages hoarding of unnecessary balances throughout the South and West by banks there located. New York banks are of the opinion that concerted action by New York merchants to demand New York exchange will do more to compel the out-of-town banks immediately to discontinue their hoarding tactics than anything else. The interior banks, it is known, are averse to acting upon the suggestions or even the pressure that might be brought by New York banks. Several large houses, the paper continues, will hereafter refuse to credit out-of-town checks until they have been collected.

"The principal bankers unite in denouncing the financial trouble, which for a time caused some inconvenience, is a thing or the past."

BANK OF CALISTOGA CLOSED

Due to Financial Stringency and Institution Will Reopen.

SAN FRANCISCO, Dec. 23.—The Bank of Calistoga, Sonoma County, closed its doors this afternoon. Its capital is \$50,000 and according to its report, July 31, it had deposits of \$175,314. H. Brown, president of the bank, says the institution was closed on account of the financial stringency and that he thinks the institution will soon resume.

Grocery Firm in Trouble.

NEW ORLEANS, Dec. 23.—Following the resignation last night of William Adler as president of the State National Bank of New Orleans, the association by a clearing-house committee of the bank's resources and liabilities and the announcement that it was absolutely solvent, and that the New Orleans Clearing-House Association will render it any assistance it may need, the wholesale grocery firm of

(Continued on Page 3.)

HARDEN CHARGES BREAKING DOWN

Frau von Elbe Withdraws Statements.

CLEARING VON MOLTKE'S NAME

Expert Withdraws Opinion Count Is Abnormal.

DETECTIVES DEFEND HIM

Nothing Definite Known Against Him—Bismarck's Doctor Will Testify Against Frau von Elbe's Reliability.

BERLIN, Dec. 23.—The hearing of the Harden-Von Moltke case was resumed here today, the morning session being held in closed doors, but in the afternoon the court was opened to the public after the examination of Frau von Elbe, the divorced wife of Count von Moltke during the course of which she modified her former testimony to such a surprising degree as to influence the position of the defense to a considerable extent, many of Harden's assertions against Von Moltke being based upon her previous declarations.

Frau von Elbe withdrew some of her statements derogatory to Count von Moltke's character and gave to other statements she had made an entirely different meaning from that previously implied. Her physicians, being called to the stand, testified that she suffered from neuritis, and a medical expert, Dr. Hirschfeld, who at the first trial had declared that Count von Moltke was abnormal, withdrew his expert opinion, which had been given after the sworn testimony of Frau von Elbe on that occasion.

Detectives who also were put on the witness-stand today gave evidence to the effect that nothing definite was known against Count von Moltke relative to any abnormality.

The court appointed one of the judges to proceed to Munich to take evidence against the reliability of Frau von Elbe from Harden's intimate friend, Professor Schweitzer, who was Chancellor von Bismarck's physician and who introduced her to Harden after hearing her sweeping assertions.

The case was adjourned until Friday.

OPEN HEARTS AND PURSES

SAN FRANCISCO BANKS GENEROUS WITH CLERKS.

Distribute \$30,000 in Christmas Gifts to Celebrate End of Crisis.

Flood's Princely Charity.

SAN FRANCISCO, Dec. 23.—(Special.)—Elated at the calm course of business today, which marked the discontinuance of the holidays, the local bankers opened their hearts and purses and by night their clerks and other employees were richer by \$30,000. Almost every bank in the city rewarded its men for the long hours of toil during the recent trying days.

The Crocker National Bank led off this morning, when a yellow envelope was placed on the desk of every employee. It contained an amount equivalent to one month's salary. The amount thus distributed exceeded \$10,000. The Crocker interests are very large and they rewarded in a similar fashion their employees in other lines. Other banks have generously treated their men. Some added turkeys to the presents of gold. Others added boxes of fruit.

The Merchants Exchange gave every one of its employees a big fat turkey. It employs 100 people. One mercantile firm provided every one of its employees with all the things that go to make up a Christmas dinner—turkeys, vegetables, fruit and pies.

The Standard Oil Company distributed a large sum among its local employees. The donations to charity were as heavy this year as usual. James L. Flood distributed \$500 today among 10 charitable institutions of the city. No discrimination was made on sectarian grounds. Protestant, Hebrew and Catholic charities shared alike.

The usual Christmas dinners to the poor, the orphans, cripples and others began today and will continue on a greater scale than ever until after Christmas.

RUN DOWN AT CROSSING

Woman Killed While Doing Christmas Shopping at Berkeley.

BERKELEY, Cal., Dec. 23.—Mrs. Annie E. Smith, widow of the late Rev. M. O. Smith, a Presbyterian clergyman, was run down and instantly killed by the Southern Pacific local train on Shattuck avenue, before the eyes of her horrified niece, Mrs. E. R. Bowser, and a hundred frantically helpless people on the street.

The two women were doing Christmas shopping. The accident occurred in the heart of the business district almost on the spot where 12-year-old Harold Wagner was run down Saturday.

