

INSIDE GRAB IN TITLE TRUST BANK

Ross and Ladd Favored Before Crash.

AT EXPENSE OF DEPOSITORS

Their Claims Paid During the Legal Holidays.

AMOUNT TO ABOUT \$50,000

Experts' Work on Accounts Reveals Amazing Juggle With State Funds and Carnival of High Finance.

Further disclosures in investigation of Title bank affairs: President Ross and Ladd & Tilton, between day bank closed, October 23, and day it went into receivership, November 6, credited to themselves the sum of \$50,000, thus making themselves preferred creditors over the bank's depositors—Ross for \$17,435, and Ladd & Tilton for \$32,565—without turning one dollar into the coffers of the institution.

Ross owed the bank \$31,913 when it closed, October 23. On November 2 this was reduced to \$14,478 by turning balances held in the bank by himself and his two brothers-in-law, Nathan Coy and W. W. Reid, to his credit on a note for \$31,913.

The bank owed Ladd & Tilton on October 23, \$36,452, but on November 6 this debt had been paid to Ladd & Tilton and the Title bank had a credit with Ladd & Tilton of \$6702. In this time the Title bank transferred to Ladd & Tilton \$28,000 held to its credit by the United States Mortgage & Trust Company, of New York.

By these two transactions, Ross and Ladd & Tilton took advantage of their exclusive knowledge that the bank had failed and paid themselves 100 cents on the dollar out of the bank; the depositors will get but 30 or 40 or 50 cents, as the case may be.

The defunct bank had no working capital out of a capitalization of \$250,000. Its deposits last Summer were \$2,300,000. Of the capitalization, \$192,000 was carried in the Commercial building and the safety deposit plant. On March 1, 1907, the capital, according to a sworn statement, \$20,000, consisting of \$10,000 safety deposit plant and presumably \$10,000 in money.

The defunct bank paid no interest on state funds from January, when Treasurer Steel went into office, until June, when the law went into effect, requiring payment of interest to the state on all deposits, except school money. Immediately the bank transferred to the school fund from the "active fund" \$74,000, to escape paying 1 per cent interest, and used the money as before.

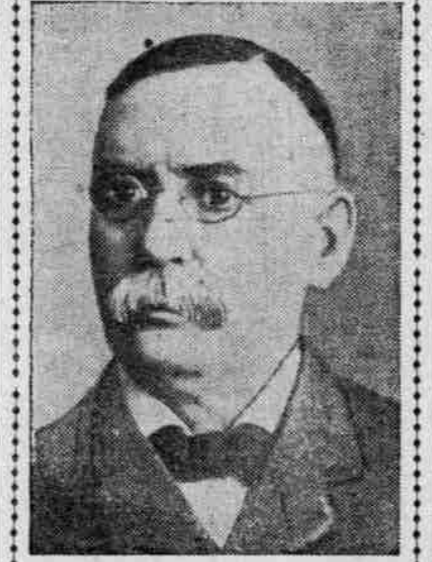
The school money was used by the bank in complete violation of the spirit and purpose of the law, which was intended to prohibit speculation in school money by banks in which it is deposited. This is another aspect of the wreck which may lead to criminal prosecution of the bank's officers.

The bank at one time was paying Ladd & Tilton 8 per cent interest on \$725,000 debt. In monthly payments of \$5000. When it failed it was paying 6 per cent on \$607,000.

Makes Shrewd Move.

When the Title Bank closed October 23 the Ross note was still in existence. But on November 2 the note had been reduced to \$14,478, the reduction being \$17,435. Ross had a personal balance in the bank of \$2200 and carried other balances in the bank in the name of W. W. Reid and Nathan Coy, his brothers-in-law, to the amount of some \$15,000. This money was not in the vaults of the bank, nor could it be obtained in cash. Had it remained in the bank, Ross, Reid and Coy would have obtained, under the receivership that was inevitable, only their pro rata with other depositors—30 or 40 or 50 cents on the dollar, as the case may be.

Took Depositors' Money.
But Ross hit on the following plan of getting the money out: He credited his own balance and those he was carrying in the names of his brothers-in-law, to himself on his note, held by



Ex-Senator Thomas M. Patterson of Denver, who was beaten by Fred G. Bonilla, owner of Rival Paper, yesterday.

the bank. In this way he took out more than \$17,000 from the bank, and reduced his debt to the bank by that amount. Had he waited to get his money under the receivership he would have obtained probably only 7000 or \$8000. By this deal Ross gained, therefore, some \$10,000 at the expense of depositors. In other words, he took money belonging to depositors to reduce his own debt.

Ladd & Tilton were benefited in a similar way, at the expense of depositors, as follows:
Played a Similar Game.
The Oriental Investment Company owned the Title Bank \$26,000 on a mortgage on some land at Second and Taylor streets, where it is erecting a building. The bank sold this mortgage to John W. Boyle, of Ulica, N. Y., who visited Portland last September and was satisfied with the investment. Boyle placed the \$26,000 to the credit of the Title bank, with the United States Mortgage & Trust Company, of New York, the Title bank's correspondent in that city, and the same company which holds a \$215,000 mortgage on the Marquam building. On November 2—just four days before the Title bank

CHOSEN BY THREE IS A DARK HORSE

Candidate for Bristol's Place Is Selected.

BUT NAME IS KEPT SECRET

Bourne Stays Out and Stands by Chris Schuebel.

CHOICE MAY BE CHANGED

Fulton, Hawley and Ellis Make a Tentative Selection for District Attorney—Fulton and Ellis Start for Oregon.

OREGONIAN NEWS BUREAU, Washington, Dec. 26.—A successor to District Attorney Bristol will probably not be appointed before the middle of January, that is until Senator Fulton and Representative Ellis return to Washington. These two members of the delegation left for Oregon at 5 o'clock this afternoon to register, as required under the primary law, and as it will be impossible for them to register before January 6, they cannot reach Washington before January 11 or 12. At the time of their departure the delegation had not been able to agree upon any candidate, and from present indications, the delegation will not be able at any time to unite.

Bourne Stands by Schuebel.
In the hope of reaching an agreement a meeting of the delegation was called for 2 o'clock today, but Senator Bourne did not attend. He is absolutely committed to Christopher C. Schuebel, of Oregon City, though no other member of the delegation is willing at this time to support Mr. Schuebel. A week ago it was believed he would go into the conference unpledged to any candidate, but after certain telegraphic correspondence which passed between Mr. Bourne and W. S. O'Ren, Mr. Bourne announced to his colleagues his determination to support Schuebel to the end, and it is believed that he will endorse Mr. Schuebel, regardless of what action the rest of the delegation may take. Mr. Bourne's absence from the conference is construed to mean that his mind is finally made up.

Choice Is Kept Secret.
At the conference this afternoon Mr. Fulton, Mr. Hawley and Mr. Ellis are understood to have tentatively agreed upon a man for District Attorney, but they agreed among themselves to withhold the name of their candidate, and it has been impossible to discover his identity. In the absence of Mr. Fulton and

Mr. Ellis, Congressman Hawley was delegated to confer with Mr. Bourne to ascertain whether or not he would be willing to join with his colleagues in supporting the man selected today, or any other man than Mr. Schuebel. Mr. Hawley saw Mr. Bourne this evening, but after his conference declined to talk, as did Mr. Bourne. Mr. Hawley did say that a mystery which will not be dispelled until Mr. Fulton and Mr. Ellis return. It is quite within the bounds of possibility that the man who is today the choice of Messrs. Fulton, Hawley and Ellis may be set aside and some other agreed upon in his stead.

May Change to Another.
It was learned that the delegation had not agreed upon Sanderson, Reed or Harrison Allen, but beyond this nothing definite could be gathered. The secrecy with which the delegation handles this matter and its agreement to make no public announcement bids fair to develop a mystery which will not be dispelled until Mr. Fulton and Mr. Ellis return. It is quite within the bounds of possibility that the man who is today the choice of Messrs. Fulton, Hawley and Ellis may be set aside and some other agreed upon in his stead.

JUMPERS MAY GET A CHANCE
Congress Not Likely to Suspend Mining Assessment Work.

OREGONIAN NEWS BUREAU, Washington, Dec. 26.—The Bartlett mining assessment bill has not passed. The Teller bill, which is similar, passed the Senate before the holidays, but it is understood, will not pass the House.

Martin for Postmaster Again.
OREGONIAN NEWS BUREAU, Washington, Dec. 26.—The Oregon delegation today agreed to recommend the reappointment of Albert R. Martin as Postmaster of Junction City.

NAMES THE ROOT OF GRAFT

SPECIAL PRIVILEGE CAUSES CORRUPTION, SAYS HENEY.

Terror of Rich Rascals Tells New York How to Remove Temptation From Officials.

NEW YORK, Dec. 26.—After a conference with President Roosevelt during which the coming prosecution of land frauds in Oregon was discussed, special Attorney Francis J. Heney, of the Department of Justice, arrived in New York today. Mr. Heney was a guest at the City Club tonight, and in an impromptu address said that the causes of corruption in San Francisco and other Western cities were the same which incited crusades in Eastern cities.

"Special privileges are at the bottom of the trouble," he said. "The condition which exists in all cities is that vice and public service corporations join hands. The remedy is to remove temptations. That is, do away with the special privileges. It is no solution to appoint or elect business men to the places formerly held by politicians, because the business man already is bought up in advance by his interests."

Russian Statesman Coming.
ST. PETERSBURG, Dec. 26.—Professor Paul Miloff, leader of the Constitutional Democrats in the Duma, started today for the United States, where he will speak on political matters.

NAVAL TROUBLE IS ONE OF RANKING

Different Readings of Revised Statutes.

RAISE QUESTION OF DIGNITY

Line Officers Uphold Rear Admiral's Contentions.

DEFINE STAFF'S POSITION

Contents of Letter to President Kept Secret and May Not Be Known Until Requested by Congress.

WASHINGTON, Dec. 26.—Now that the legality of the President's proposed action in assigning a staff officer in the person of Surgeon Stokes to command the hospital ship Relief has been called in question, it is proper to state that the reliance of the line officers is upon a provision of section 7 of the naval personnel act of March 3, 1898. That section, among other things, was designed to clear up doubt that existed as to the right of staff officers to assume the title of a line officer of a corresponding grade in the matter of pay and emoluments and length of service. Up to that date, staff officers had enjoyed what was called "relative rank," with which they were not at all satisfied, so in section 7 the word "relative" was struck out, so that all sections of the Revised Statutes which, in defining the rank of officers in the Navy, contained the words "relative rank," were amended so as to read "the rank of," etc. To this provision the following important qualification was attached:

"But officers whose rank is so defined shall not be entitled, in virtue of their rank, to command in the line or in other staff corps."

Line Officers' Contentions.
Line officers understand this to mean that no surgeon or engineer (if there shall be ever again commissioned engineers) or paymaster or constructor shall be placed in a position on board vessels of the Navy where he may command the movement of and actions of any person not of his own staff corps.

The staff officers for their part hold that this act does not in any sense abridge any rank formerly enjoyed by a staff officer, and a careful perusal of the act appears to justify the statement that this provision is open to controversy and that there is reasonable ground for difference of opinion as to the meaning of the law.

As this whole controversy threatens to occupy the attention of the public for some time to come, and perhaps to figure

to some extent in the proceedings of Congress, it may be proper to state the difference between the line and staff, which the public mind is more or less confused. In brief, it may be said that a line officer is one whose sole duty is to fight for the ship, while the staff officer is one who either provides the means for the line officer to do so or acts under his direction in carrying out his general orders. Thus the engineer, when of the staff, looks closely after the machinery and starts and stops it when called upon to do so by the line officer; he has nothing to say as to where the ship shall go or at what speed or where it shall move.

Duties of Surgeons.
The surgeons aboard ship look after the health of the crew in times of peace and health or wounds in times of war; but they have nothing to do with the movements of the ship to which they are attached, and the same rule applies to the paymaster and the constructor, who builds the ship navigated by the line officer.

It developed today that a year ago, when the Relief was put into commission,



Curtis G. Sutherland, New Chief Clerk of Harriman Lines in Oregon.

the decision was reached to assign a Naval officer to command the vessel in the event it were manned with a merchant crew and master. But in the event that the ship was manned with a Naval crew, then a Naval officer of the line would be assigned to the command.

A Naval surgeon in command would have absolute supervision of a hospital on land, without, however, interfering with the work of navigating the vessel. Surgeon Stokes will be assigned to the command of the Relief if the crew and master are chosen from the merchant marine, which, while not finally decided, it is understood will be the case.

Secretary Metcalf Silent.
Secretary Metcalf again today declined to enter into any discussion of the issues which prompted Admiral Brownson's resignation as chief of the Navigation Bureau, and declared he knew nothing about the statement of Surgeon-General Rixey that the internal administration of the Bureau of Medicine and Surgery had been interfered with by the Bureau of Navigation.

Admiral Brownson relinquished his position as Chief of the Bureau of Navigation yesterday and the duties of that office were discharged today by Commander Cameron McRae Winslow, Assistant Chief of the Bureau.

Commander Winslow was not designated nor appointed Chief of the Bureau, as the result of recent events, but signed all of his mail as "Acting Chief."

WAIT ACTION OF CONGRESS

Text of Admiral Brownson's Letter Not Yet Divulged.

WASHINGTON, Dec. 26.—Not since the day preceding the passage of the personnel law, 10 years ago, has the feeling between line and staff of the Navy been so acute as it is today as the result of a refusal of Admiral Brownson to transmit orders from his superior officer, the President of the United States, assigning a Naval surgeon to command vessels in the Navy.

In the case of the personnel act, it was Mr. Roosevelt, then Assistant Secretary of the Navy, who acted the part of pacificator and succeeded in bringing the two warring factions together in support of the legislation which for a decade past, though a makeshift, has served to maintain peace between the two factions in the Navy. In the present instance, however, the efforts of the President to reconcile the surgeons and the line officers has failed, and it is probable that the whole controversy will be threshed out on its merits in Congress.

This is much deprecated by conservative officers in both line and staff, as likely to prove prejudicial to the Navy's interest as a whole, for they believe that in order to succeed in securing from Congress the four great battleships, the cruisers, scouts and submarines, which form a part of the year's naval estimates, in addition to securing legislation that will better the lot of Naval officers personally, the Navy must present a united front, which cannot be done if just at the beginning of a session line and staff are to engage in a fierce strife.

Should Give Both Sides Hearing.
Through the published statement of Surgeon-General Rixey, the merits of the doctors' side of the case in this instance have been clearly set forth. Line officers believe that in common fairness they should also have a hearing.

But they are in an embarrassed position in that respect. Brownson preceded his resignation by a cold, clear, logical presentation of the reasons why he objected to the assignment of a physician to command a Naval ship, even though that vessel were exclusively devoted to hospital use. The statement was submitted to the President, and, notwithstanding the staff has had its way in print, applications at the White House for this letter are met with refusal. Now

ANGRY CANADIANS TURN ON CHINESE

Mob Wrecks Restaurant at Lethbridge.

DUE TO FALSE MURDER STORY

All Furniture and Dishes Are Smashed to Pieces.

CHINESE BADLY BEATEN

Baseless Rumor That White Man Is Wounded Arouses Fury of the Whites—The Mounted Police Arrive Too Late.

LETHBRIDGE, Alberta, Dec. 26.—(Special.)—Because they believed that a prominent citizen had been murdered in a Chinese restaurant, 1500 men raided the Oriental quarter late last night and left a wreck behind. Restaurants and laundries were smashed, doors and windows and entire fronts of buildings being reduced to splinters. The regular police of the town were powerless and a brigade of mounted police had to be called out to quell the riot.

It was just after 9 o'clock that the mob began to form. The story had got abroad that Harry Smith, one of the best-known ranchers of the cattle district, of which this city is the center, had been fatally wounded in a restaurant. Curiously enough, neither Smith nor any one else had been hurt, but even the police were misled by the tale and two Orientals were placed under arrest, charged with his murder.

Rock Starts the Smashing.
An indignant mob gathered opposite the eating-house and there was talk of lynching. Suddenly someone threw a rock, which smashed a front window, and in a moment the crowd was beyond control. Bricks and stones were used and, when the doors had been broken, the tables and chairs and dishes were smashed. The Columbia and Alberta restaurants were literally wrecked. What could not be conveniently broken by the few men who could get inside was passed out to the street to the mob in waiting, and there demolished.

Dodge Police, Continue Havoc.
At 10 o'clock a detachment of mounted police appeared and the crowd scattered. Hundreds of the rioters merely shifted the scene of their pillaging. Three blocks away, opposite the Arlington Hotel, they cleaned out another Chinese restaurant and badly handled two Orientals who were captured with the mob.

Mayor Galbraith, who had rushed to the scene when the mounted police were first called, delivered a speech asking good citizens to disperse. The crowd listened to him and to Magistrate Townsend, who spoke later. All possible damage having been done, the crowd went home.

Five of the rioters have been arrested, but it is doubtful if they will be prosecuted.

HOOSIERS FOR FAIRBANKS

Beveridge Speaks for Him and Republicans Indorse Candidacy.

INDIANAPOLIS, Dec. 26.—Resolutions were adopted unanimously today at the biennial levee festival, Indiana Republicans, urging the nomination of Vice President Charles Warren Fairbanks for the Presidency. The resolutions were introduced by Governor J. Frank Hanly and were adopted with a round of cheers by the 1000 or more active party workers of the state who were present.

United States Senator Alfred J. Beveridge of Indiana presided and made the principal address, dwelling upon the notable accomplishments of Mr. Fairbanks' public career and averring that the Indiana delegation would stand solidly by him in the National convention. Others present included Senator Henryway of Indiana, many of the Indiana representatives in Congress, members of the Legislature, county and city officers, and a number of candidates for places on the state ticket with their friends.

The gathering was large and enthusiastic.

ANOTHER CITY GOES DRY

Raleigh, N. C., Votes to Close Liquor Dispensary Today.

RALEIGH, N. C., Dec. 26.—By a majority of 545, Raleigh today voted out its liquor dispensary and will become a Prohibition city, the dispensary to close at noon tomorrow. In the city there were 928 votes for Prohibition, 281 dispensary and 2 for saloons.

WHO SAID A POLICEMAN'S LOT IS NOT A HAPPY ONE?

UNSOLVED MURDERS FOR 1907

- DR. P. E. JOHNSON THROWN FROM BRIDGE, JAN. 7.
- JAS. TRACY, STABBED TO DEATH, FEB. 2.
- C. L. NEVINS, CONDUCTOR, KILLED BY HIGHWAYMAN, MAY 27.
- A. HUBER, KILLED BY HIGHWAYMAN, JULY 17.
- J. W. GITTINGS, KILLED BY BRADLEY, DEC. 18.
- G. ALARI, SHOT THROUGH THE HEART, DEC. 23.