

LAYS BARE BANK'S HIDDEN SECRETS

Probing of Experts Causes Ghosts of Wild Schemes to Walk.

MAZE OF HIGH FINANCE

Books Kept by Ross and His Associates a Veritable Labyrinth of Accountants—High Carni- val of Grab Revealed.

Each probe into the bunc bank of the Title Guarantee & Trust Company uncovers another secret of frenzied finance, which the bank officers thought they had buried in the graveyard accounts of profit and loss and "suspense" earnings. When ever the experts stir up the dry bones, the ghost of a wild scheme begins to walk. The unravel is that the bank kept on its feet so long.

It took money to engineer the deals of the broken bank. The stuffed accounts of earnings could not carry on the deals, since they were but wind, and only money talked when the bank did business outside its own walls. So the bank's officers dipped their hands into the money of the depositors, replacing the hard cash with airy notions, such as "enhanced values," fictitious profits and make-believe commissions.

In searching the graveyard for the last resting place of each set of bones, the experts find many tombstones, which are sadly mute on the most interesting matters in the career of the departed. But the obituaries contain enough facts to show that if all the bankreckers could be collected in the penitentiary, the officers of the Ross bank would be entitled to the blue ribbon in their class.

When the bank was breathing its last, November 2, before its depositors just before its demise, favored persons were laying hold of this or that. In fear that it might not be theirs after the funeral, Ross helped \$100,000 by credit to the bank; Ladd & Tilton helped themselves to \$24,000, by having the bank turn over that sum lying in the Ross bank credit in New York; Wallace McCamant, attorney for the bank, received a \$1000 slice by being credited with that sum, as fee for legal services, on his \$5000 note. The bank would be State Treasurer, caused the bank to hand out \$10,000, by crediting that sum on the note of the Portland Fuel Company, of which he is president, from an account of the Home Security & Investment Company, of which he is also president.

All the deals were put through the bank November 2, before the depositors had knowledge of the wobbly condition of the bank, and when the holidays barred out all but the favorites. These favored creditors knew of the impending fall, and used their knowledge to pay themselves 100 cents on the dollar.

Another favored creditor was Mrs. E. A. Mack, who loaned the bank \$48,500 on October 11, 1902, at 6 per cent interest, taking therefor a demand certificate. The shaky condition of the bank at that time is revealed by its willingness to pay the high rate of 6 per cent interest, in order to get money. Evidently the bank officers' conscience hurt them for having taken Mrs. Mack's money, since they made it a point to restore it to her, else it would have gone down in the collapse.

Certain Depositors Favored.
Other interests were looked after, too, by the bank officers. At the expense of depositors, the savings deposits decreased \$300 during the interval between October 31 last day's business and November 4 day's business. The decrease was \$500 paid to one preferred depositor and \$100 to another. The demand deposits decreased \$500, in three items, one of which was that of Mrs. Mack's, mentioned in the foregoing. The check accounts decreased \$871—money which should not have been paid out.

On the other hand, there was a big increase in the overdrafts during that interval—being money drawn from the bank in excess of funds held to the credit of various individuals and departments. The miscellaneous overdrafts showed a growth of \$150. The general department increased its debt to the bank by this method by more than \$40,000, raising its overdraft from \$88,000 to \$128,000. The trust department carried away a big load of cash from the bank department also—\$25,300 for replacing trust funds.

The bank speculated with the trust funds in its care and used the money of depositors to restore those funds. In other words, the trust funds were mulcted for the bank's misuse of the trust funds.

So that when all hands in the bank rested on November 4 and Ross called on the Federal Court for a receiver, through his dummy, N. Coy, the cash and the cash items in the bank had shrunk \$20,000 since October 28. Ross and his men had been a busy bunch in those eight days.

Cash Shrunk Woefully.
Their thrifty handling caused the real cash in the vaults to shrink from \$23,154.70, and the overdraft of the general department to increase from \$88,000 to \$128,000, and the overdraft of the trust department from \$24,000 to \$49,000. The stock of gold dwindled from \$25,460 to \$22,900.

Hidden in a maze of crooked book-keeping are numerous heavy losses, which the accountants have not been able to trace out. The bookkeeper of the bank was an automaton, who did the bidding of Ross and Atchison and Burkhardt, and who, when he became too familiar with the secrets, was transferred to another department and succeeded by a hand who knew nothing but to obey orders. The losses were cleverly concealed, by being put into the suspense account, instead of into profit and loss. Sometimes the losses were divided between suspense and profit and loss.

Occasionally there would be a clean up of junk in the suspense account. Then the loss or profit would be charged up to profit and loss, while the same amount would be credited to the junk suspense in order to make the suspense balance. Or a transfer would be made to some person or corporation or "trust." These accounts are like the fabled labyrinth, into which men could enter but not find their way out. Such is the plight of the accountants after each day's exploring; they find themselves in the labyrinth, unable to trace their way out.

Kept Wind on Tap.
The suspense account, besides serving to secrete losses, also served as a ready reservoir of wind, with which to replace

depositors' money. When Burkhardt wanted a sum to make up his overdraft on the bank, he drew it from "suspense" and credited it to his account. Then he drew depositors' money to the amount of the "suspense" wind. On December 31, 1902, Burkhardt had drawn on the bank in excess of what he had in it, \$320. The sum of \$300 wind was then transferred to his personal account. On February 29 of the same year his overdraft was \$1384. Then \$500 wind was transferred to his account.

Unless Burkhardt can show that the \$10,000 was disbursed by him for the purposes of the bank, the plain inference is that it was drawn by him personally. In this case it amounts to the same as if a person having access to the bank's cash had gone into the vault, filled his pockets with money and absconded. His wife does with mother's sugar. The accountants have been unable to find that the \$10,000 was ever credited back. If that was done, it cannot be recognized without knowledge of the many checks drawn against the suspense account. If the transactions were honest, why the need of passing them through the suspense account?

Possibly Burkhardt was acting as a medium for hiding losses. On December 31, 1902, the same day that \$4900 suspense wind was credited to Burkhardt, the suspense account was charged with a total of \$32,900. Of this sum \$20,000 was credited to the Goldbug Syndicate and \$10,000 to the Levens Ledge Gold Mining Company—two wild mining ventures of the Ross bank. The remaining \$3000 was that credited to Burkhardt.

May Conceal a Loss.
This Burkhardt charge on "suspense" might, therefore, be a device for concealing a loss really much heavier than the books show. At any event, this method was used in other deals, where a possible use in this is cited for example.

At the time of the \$2000 credit to Burkhardt, February 29, 1904, the following charges to "suspense" were made:

Laver Park trust.....	\$ 8,000
Levens Ledge Gold Mining Co.....	12,500
Goldbug & Power Co.....	20,000
Fourth Plain Elevator Co.....	3,000
Hills, Lindley, trustee.....	2,000
Hills, Lindley, trustee.....	2,000
T. T. Burkhardt, personal.....	2,000
Total.....	\$94,982

On the same day another entry to the credit of "suspense" was made for \$96,982, which it will be observed balanced the foregoing charges on that account. Where the credit entry came from is not stated in the books. Another entry in the foregoing made the bank heavy losers.

The Union Light & Power Company drew \$100,000 from the bank, probably \$200,000 will be observed from the foregoing entry that \$200,000 was drawn from "suspense" on February 29, 1904, for this company.

The scheme was a pet of Burkhardt's. He planned to turn water energy into power and light, to be sold at Mount Angel, Woodburn and Salem. The company was to be incorporated in Oregon, with Ross as president, with deposits of money, but the dam was carried away, and the company resorted to steam, with resultant heavy loss. Burkhardt would have done as well to sell the assets of General Electric; instead he sold the assets and dissolved the corporation, presumably to hide the finances of the disastrous investment.

All manner of junk was thrown into the suspense account. What was taken out was used as a license for withdrawing the sum named from the bank's cash. On May 28, 1906, such license was issued through the suspense wind, to withdraw \$45,000 for the Goldbug Syndicate, from the Jackson County in addition to the \$38,000 withdrawal of December 31, 1904.

When came the contents of the "suspense" it was a sort of miscellaneous jackpot for contributions from all sources. On June 30, 1902, \$14,500 was thrown in, an enhanced value of the stock of the Marquam building, resulting from a Supreme Court decision. A year later, \$10,000 was thrown in as part of the enhanced value of the safety deposit vaults. The enhanced value added at that time was \$20,000, but the bank officers thought \$30,000 ought to go to "suspense" (the vaults had been successively marked up from \$500 to \$9,000). The remaining \$13,500 went into general earnings.

A Deal in Bonds.
On April 23, 1906, the general earnings were credited with \$53,200, coming from the purchase of \$25,000 par value of bonds of the Oregon Land & Water Company (Umatilla irrigation project). The bank bought the bonds at 86 (the irrigation company being one of the subsidiary corporations), and immediately listed the bonds as an asset of the bank at par, and credited the 20 per cent increase to the account of the general earnings. But on June 30 following, \$10,000 of the \$53,200 was withdrawn from general earnings and put into suspense earnings.

This seems to have been clean-up day, because a lot of junk assets which had been carried in "suspense" until they grew so heavy were taken out of that account and charged to profit and loss. Their amount was \$62,759.

The bank tried to balance its suspense account on September 30, 1907. It found that the junk in that account showed a credit balance of \$124,000, half of which was commissions, from sale of the irrigation company's bonds and other securities, and the other half from the Marquam block from the Colonial Investment Company at the Fairgrounds. The bank had a large number of subsidiary companies. It was doing service for them and charging them commissions.

Ross had no money in the bank in his personal account, but drew checks on the bank and used its money just the same. The account of this peculiar transaction with the bank is in his personal cash book and ledger, which have not been traced. It had a way of getting money out of the bank, also, through his dummies, Coy and Reid.

Used Coy as a Dummy.
On May 26, 1906, Ross opened Coy's account, not by depositing money in Coy's name but by writing out a check in Coy's name, for \$150—an overdraft. Two days later another check was written for \$400. Other overdrafts followed until the total was \$750 in June, 1907. Ross was virtually borrowing this money from the bank and paying no interest.

On June 19, 1907, Ross sold 75 shares in the Commercial building to the bank, for \$55,000, through Coy, who was credited with that sum. Ross took in exchange, shares of Title Bank stock, through Coy, paying \$65,120. The difference between the selling price of the building stock and the buying price of the bank stock to Coy was \$10,120, which was raked off to Ross.

Ross carried through the same transaction in the name of Reid, thereby doubling the profits to himself. Ross opened Reid's account in the bank May 26, 1906, not with deposit of money, but with an overdraft for \$300.

In payment of Ross, Burkhardt and Atchison is expected this morning. An effort will be made to put them under heavy bond, the same as was done with the bankreckers in San Francisco.

ADMINISTRATOR'S SALE
At McAllen & McDonnell's, corner Third and Morrison streets.

PHOTO CALENDARS HALF PRICE
10c up. Kiser, 248 Alder st.

POLICE VANDALISM RUIN OF CHINESE MERCHANT

The Other Side of a Recent Lottery Raid—Mistaken Zeal of Ignorant Guardians of Peace Results in Bankruptcy for Victim Guiltless of Wrong.

BY CHARLES MESSER STOW.
OF course, he is only a Chinaman, so it does not matter really what is done to him. He was caught with a lottery ticket in his possession by the keen-eyed minions of the law, who are clever enough to find lottery tickets and gambling dens in Chinatown, but who have been known to miss occasionally a criminal who some have thought ought to be behind the bars. Together with some of his friends he was taken to the station and let out from jail. Then his trial was put off from day to day. When finally it came on there were witnesses who could identify a lottery ticket, and all the Chinamen arrested were fined some \$10 each. The judge called "Next" and the case was ended.

In their zeal to make this raid successful the keen-eyed ones took plenty of evidence. It all looked alike to them, so they ripped off the walls of the room various sheets of paper covered with scribbles and lines, and took from the counter various books with guilty-looking characters inscribed in them. They also took the cash drawers for fear that something might be overlooked.

It so happened, however, that the sheets of paper taken from the walls were a sort of daily paper in which were set forth the names of all the Chinamen arrested, and the names who frequented that particular store. One wanted to buy a horse and his desire was duly written out and pasted on the wall. Another wanted a cow and so anybody who had a cow

to sell could know where to find a buyer.

It happened also that the guilty-looking books taken by the keen-eyed ones were the merchant's cash books, in which he recorded his daily sales and kept track of the money given him for safe keeping by the Chinamen returning from the canneries. Here were entered the debts of those who came to his store to borrow what they had need. All told, upwards of \$10,000 was on the pages of these books, and this represented the entire business of this man in Oregon, who had come to the free country of America to seek fortune.

He is only a Chinaman, though, so it does not really matter that his business is ruined, that all the capital he had got together by years of saving and had increased by putting it out at interest was at one stroke taken from him and he was left as poor as the day he landed.

For that is what happened. According to the city charter, all paraphernalia taken in a gambling raid must be destroyed. These books looked guilty. Only a Chinaman, anyhow, so into the fire with them! The keen-eyed ones hung taken from the walls and surely there was no chance for the keen-eyed ones to be mistaken.

When he found what had become of his business and his books, even though he was only a Chinaman, this one wept.

"You allee same kille me," he wailed. His business was his life. Now his business was gone. The keen-eyed ones had seen to it that there should be no more lottery tickets in this city. Justice? Oh, no! Only a Chinaman, that doesn't matter, really.

STRONGER BY ASSAULTS

Dr. J. Montgomery Preaches on Bible Criticism.

Rev. Andrew J. Montgomery, pastor of the Third Presbyterian Church, preached yesterday morning from the text Matthew xviii, "And when they lifted up their eyes they saw no man save Jesus only." The sermon was to prepare the congregation for the week of prayer which begins today. After giving an exposition of the text, Dr. Montgomery said that it had been found by the engineers who were digging the Panama canal that too much sunlight was detrimental to health, and that the natives on the Isthmus, who understood conditions retired four and five hours a day to their huts to avoid the glare of the sun. From this fact the speaker drew the lesson that too much sunshine and evenness in spiritual life is not a good thing, wherefore God sent clouds with the sunshine to his children.

SPEAKS AGAINST TREATING

ARCHBISHOP CHRISTIE TALKS ON TOPIC.

Urges Young Men of Church to Take Decided Stand Against Practice.

Archbishop Christie spoke at the 5 o'clock mass in the Cathedral yesterday morning for the first time in months, this being the occasion of the monthly meeting of the Cathedral Men's Club. Although still weak from the effects of the operation which he recently underwent in Chicago, the Archbishop spoke for 20 minutes to more than 400 people, the largest part of the congregation being men. He pointed out that the treating habit is a source of excessive drinking on account of the social obligation resting upon each man to put up a treat for his friends in spite of the fact that he may not want to drink or to spend the money. He urged that work against the habit be made a general movement among Catholics, and said non-Catholics should also take it up. He said in substance:

The anti-treating movement is the most practicable temperance reform that has been set on foot in this country. It must command itself to every thinking person. It combines in itself two elements which give mind and vigor to its cause, it is a moderate movement. Hence it should be easily introduced. There are several countries of Europe in which the treating habit is almost unknown. There is nothing in our history in the hope that it may become obsolete here. In the second place, the anti-treating movement applies the remedy to the real source of the drink evil. It is useless to deny that the social glass is responsible for most of the drunkennes and wasteful expenditure of money connected with the liquor traffic. The social glass is the cause of the young man who has to make his way in the world. It leads him, out of human respect, to contract the habit of drink—it leads him to excess in the use of intoxicants. It fosters prodigality in spending money, and it is the treating habit that is responsible for the ruin of thousands of young men whose prospects for life were bright. We are heartily in favor of the work of the Cathedral Men's Club, and I trust that every man in the parish will be enrolled among its members. I hope that the movement will become general among our people, and among the citizens of every city.

Twelve centers favoring the movement against the treating habit have been organized in Portland, and it is planned to effect an organization of such centers. Before the end of January the Cathedral Men's Club will invite representatives of those bodies who have taken up the movement to send delegates, who will form a "Federation of Anti-treating Centers." Its object will be to make the work of each center effective, to organize new centers, and to propagate the movement generally throughout the state.

Since the movement started several months ago, the Cathedral Men's Club has grown rapidly. The membership has more than doubled. It is expected that it will have between 600 and 700 active members, in addition to the regular membership. The movement is being taken up by a number of Holy Name societies, who will send representatives, when the time comes, to effect the organization of the federation.

WANTS "ALTOGETHER" CLUB

Mr. McCusker Also Wishes for Some First-Class Funerals.

PORTLAND, Jan. 5.—(To the Editor.)—Before reading the decidedly emphatic article in the Oregonian of last evening, I intended to say the least—peculiar mannerisms regarding people and things. I had contemplated writing an article along the same lines, but possibly would have been less emphatic in my remarks.

It is a sad truth that from force of habit, our citizens have become experts at wielding the hammer. They can scarcely be blamed, however, as they have merely followed in the footsteps of what we were wont to term the "first families." I want of a more appropriate designation. The persons alluded to are those who came here in early days and sat down on large blocks of granite of the hemisphere, thereby suffering a stroke of "nervous prostration"—so much so, in fact, that they have been unable in their efforts to prevent anyone else from falling into the same error. Those of us who have arrived on the delayed train have been to look with scorn—somehow mixed with envy—on the aforecited first families, and to remark openly that what we perceived to be a number of funerals, in which the late lamented should consist of the before-mentioned aristocracy.

Now, this would be all right, and no doubt proper, if the condition were changed thereby, but the "late arrivals" are very little improvement on the "early birds." In fact, I am inclined to the opinion that they are a free hand, the late birds could give the early birds a full house, and beat them with a high-tailed fish.

I think that Mr. Wilde has some justification for his remarks. Without going into the merits or demerits of the failure of the Oregon Trust Company, or any of the other suspended banks, it might be pertinent to inquire just what assistance the Oregon Trust Company received at the hands of our citizens, other than from those unfortunate who had their money there, and whose interests lie in reorganization? We have several commercial bodies in this city who make a loud noise about the superiority of our city and state, and any one familiar with all our resources will not dispute it.

Chit-Chat of the Sporting World.

BY WILLI G. MAC FAE.
ANDY ANDERSON, once Portland's popular second baseman has already received several offers to play ball this season. Andy was by long odds the best keystone sacker in the Northwest League last season. He finished the season with a fielding average of .947, which shows that Old Wooden is a long way from being a has-been.

Only eight players in the Northwest League, batted 300 or over. Andy, however, held the league with .947, which shows that the war-horse still knows how to clout the ball.

Just before going to press, Chit Chat received over its short wire circuit an account of the \$10,000 accident to Bill Soule. Soule, who is armed with a pilot's license on the Vancouver stone barge, is hereby the championship title as the hard luck marine.

Frank Selee, the old Boston manager, backed by a bank roll, is trying to buy the Denver ball team from George Tebeau. Mitchell says this is a great and glorious thing for the game, if some one would tie a can to Tebeau.

Mike Mitchell, formerly a McCredie star, makes no mistake when he left the matter of his salary to President Herrman. When Mike received his 1902 contract, he found a healthy increase in his salary. Mitchell for this time is a pilot's way to Sea Breeze, Fla., where he goes to get into shape for the Cincinnati Reds.

English clackers have a delightful way of telling of a horse's work-out. Here is a sample: "Wansford (Northans).—Thursday—A dull morning. Court Fair. My horse, Wansford, cantered a mile; Facia, Canty Bay, Glasshampton gelding and Jovey's Neuk came a mile and a half at a sweating pace. The other horses were all in good shape. Philinthon had healthy progressive work; the yearlings cantered four furlongs twice." Such information as this would be welcome to our American bettor as a life preserver to a man who couldn't swim even dog-fashion.

DUDDALE SEEKING NOTORIETY

Fat Manager's Offer Probably Not in Good Faith.

D. E. Dugdale is starting early with his first of April jokes. The offer of the Northwest League to buy the Portland franchise from the Pacific Coast League will go down in history as the joke of the 1906 season. Evidently Dugdale and President Lucas have given up waiting for the McCredies to knock at the entrance of the League door with the Portland franchise. If Dugdale was in earnest, it certainly shows that the Northwest League is still very sweet on Portland and must sadly need this city in its circuit.

Perhaps Dugdale and his associates were of the opinion before they sent Judge McCredie the telegram, that the McCredies were tired of Portland and would welcome a chance to sell the Portland franchise. If they were, the tone of Judge McCredie's telegram must have been most discouraging.

Just now, with Los Angeles wanting continuous baseball, the Coast League would be willing to talk business with Seattle and some other good Northwest League city, but the Coasters are not so anxious that they would offer to spend

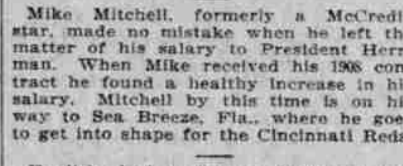
Yes, they are dropping, and today it's

Men's Shoes

That have dropped from \$3.00 and \$2.50 to \$1.85.

Not all sizes of all kinds, but all sizes of some kinds.

Come in and see the bargains.



166-168 THIRD STREET

money for the franchise. Undoubtedly, when Judge McCredie stated at the close of last season that he was satisfied with a four-club league and that he had made a little money, or would have at least, had it not been for the failure of the Oregon Trust and Savings Bank, he was not believed by the Northwest League magnates. The truth probably has been driven home by this time.

There may come a time again when Portland and Seattle shall be in the same league, but the outlook is not very promising so long as the McCredies are satisfied with the treatment they receive from the Californians. If the McCredies were in the baseball business just for the money they could make out of it, Portland perhaps by this time would have been with the Northerners. Judge McCredie figured the matter out carefully and he couldn't see afford to pay a price which would be benefited by Portland dropping the Coasters.

No wall posted baseball fan who read Dugdale's telegram yesterday, believes that the fat manager of Seattle will be in earnest. The Northwest League is not rolling in wealth, at least not to the extent that it is generally supposed to be. Dugdale likes printer's ink. His name hasn't been in print much of late. The old fellow evidently saw a chance to break in, so he sent the telegram.

Harvard to Row Annapolis.

CAMBRIDGE, Mass., Jan. 6.—The manager of the Harvard varsity crew announced tonight that Harvard would row the midshipmen of Annapolis in the Severn, April 22. The race taking the place of the customary one with Columbia in the Harvard schedule. This will be Harvard's first rowing contest with the midshipmen. At the same time the Harvard baseball team will make its headquarters at Annapolis and will probably meet the Navy in one or more games.

Schlitz Beer

How Schlitz beer is brewed, you would never buy any other.

You would see plate glass rooms, filled with filtered air, where we cool it.

You would see glass-lined tanks where we age it so long that it cannot cause biliousness.

How we filter it through white wood pulp. How we sterilize every bottle. How cleanliness is carried to extremes.

You would realize better how much purity means if you saw the methods we use, and the amount we spend, to attain it.

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Schlitz

The Beer That Made Milwaukee Famous.

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