

HENEY COMING TO TRY JOHN H. HALL

Says Facts About Fulton Will Come Out in Proceedings.

CALHOUN SOON TO BE TRIED

Prosecutor Denies Any Graft Cases Will Be Dropped—New Attorney to Try Other Oregon Land Cases.

SAN FRANCISCO, Jan. 9.—Francis J. Heney, special assistant to United States Attorney-General Bonaparte in the Oregon land fraud trials, who as Assistant District Attorney has had charge of the prosecution of the San Francisco bribery-graft cases, arrived this morning from Washington and left tonight for Portland, Ore., to begin the trial of John H. Hall, ex-United States District Attorney.

After a conference today with District Attorney William H. Langdon and Special Agent William J. Burns, in which he made arrangements for the continuance of the trial of Patrick Calhoun, president of the United Railroads, on the charge of bribery, until he returns from the North.

"I never have dropped the prosecution of a case in my life, as those who are under indictment in the bribery graft cases will learn when I return," said Mr. Heney, when told of the reports that Tracy L. Ford, general counsel for the United Railroads, would not be brought to trial on the other indictments against him and that the prosecution of Patrick Calhoun would be dropped.

Try Calhoun in February.

Asked what the plans of the prosecution are in the case against Calhoun, Ford and others, under indictment of bribery and corruption, Mr. Heney said: "When, at the request of the prosecution, Calhoun's trial was continued until January 7, because of the absence of Superior James L. Gallagher, an important witness, Calhoun asked for permission to go to New York. This was granted, and it was stipulated that he was not back on the day set for the trial, his case would not be taken up until February 1. When it comes up before Judge Lester tomorrow morning, it will be continued until the date, or perhaps February 7.

"I am not prepared to say yet whether I shall begin the trial of Calhoun then or first put Ford on trial again, but I will say most emphatically that those who may think that these cases will be dropped will be much disappointed. The prosecution of them and the others indicted will be resumed with renewed vigor upon my return from Portland. In the meantime, I will dispose of one of the cases in Portland growing out of the Oregon land frauds and place ex-United States District Attorney Hall on trial there. In order to get back to San Francisco by February 1, I can prosecute this time only one of the several land fraud cases pending in Portland."

What's in Store for Fulton.

Speaking of the open letter of Senator Fulton, of Oregon, calling upon him to prove the charges made against him, Mr. Heney said: "Many of the facts regarding Fulton will come out in the trial of Hall, and the Senator will learn more than he may wish."

Regarding the arrest of S. A. D. Puter after he had been pardoned by President Roosevelt, Mr. Heney said that the arrest was made through a misunderstanding of some of the local officials in Portland. He did not think that the charge of perjury would be pressed against Puter.

In regard to the appointment of Christian Schmitz as United States Attorney for the District of Oregon, he said: "I understand that he is friendly to the prosecution throughout." He seemed to be gratified that the candidate of Senator Bourne had won out.

Mr. Heney denied the report that he had been severely criticized by President Roosevelt. On the contrary, he said, the President had received him warmly and twice invited him to luncheon.

New Man for Other Land Cases.

Mr. Heney has been requested by the Attorney-General and the President to select an attorney to take his place in the trial of the remaining Oregon land fraud cases, as he desires to remain in San Francisco upon his return on February 1 until all the municipal graft cases here are disposed of by conviction or acquittal. He declares that when he comes back he will be back to stay, and he says it with the same threatening smile that Lincoln Steffens describes.

AMERICA TEACHES BEST

Chinese Students Educated in This Country Lead All.

WASHINGTON, Jan. 9.—Chinese students educated in America have taken precedence over those educated in Europe and in Japan, according to advices received at the State Department from American Consul-General Bergholz, at Canton, China. At a recent government examination at Peking to test the ability of the students who had been sent abroad for education, 42 students were examined, 34 of whom had pursued their studies in Japan, 14 in the United States and four in Belgium.

18 highest in rank, America had ten, the West taking the honors both in the number of students and in the rank obtained in the examination. Nine of the 13 successful Americans were educated on the Pacific Coast.

GREAT GALE IN OLD WORLD

Forty Persons Drowned in Morocco. Baltic Sea Floods Kiel.

LONDON, Jan. 9.—The storm in the English Channel, along the west coast of Europe and on the North African coast, is still raging, and many fishing boats already have been lost.

A dispatch received here from Tangier says that two native passenger boats foundered off El Arafah, Morocco. Forty persons were drowned, including some Europeans.

KIEL, Jan. 9.—A violent northeast wind has driven the waters of the Baltic in shore and the low lying districts of this city are flooded to the depth of seven feet. Many casualties to fishing and other small craft are reported.

SCHMITZ VERDICT VOID

(Continued from First Page.)

holding that they were not proper cross-examination. The appellate court says: "These rulings were erroneous and highly prejudicial to the defendant."

The decision comments on Ruff's having pleaded guilty to the same charges and then taken the witness-stand against one who had been his friend. The court said that under the plain provisions of the penal code his evidence was branded so that the defendant could not have been convicted upon it without corroborative testimony.

SCHMITZ VERDICT VOID

In passing upon the legality of the indictment, the appellate court said:

Defects in Indictment.

"The indictment is claimed to be invalid for two reasons: First, that it does not allege any threat to injure property, and second, that it does not allege that the threat was to do an unlawful injury."

"The gist of that portion of the decision relating to the allegation that there was no threat to injure property is contained in the following sentence: "There is no allegation as to any threat to injure any business in direct terms, but only the threat to prevent the parties from obtaining a license to sell liquor."

Elsewhere in the same paragraph, it is pointed out: "There is no allegation in the indictment that the defendant ever held office." A license to sell liquor is not property in the ordinary sense of the word, says the court.

In treating of the second contention of Schmitz' attorneys that there was no threat to do unlawful injury, the court declares that:

No Law Against Extortion.

"We are clearly of the opinion that the indictment is insufficient, because it does not allege nor show that the specific injury threatened was an unlawful injury. It is not an unlawful act, reasons the court, to threaten to hold up the licensee of the restaurant-keepers or actually to do so. The decision continues:

"Anyone has the right to go before the Board of Police Commissioners, if that body will hear him, and object to the granting of license to sell liquors to a person who is keeping a place in violation of the law. He has the right to threaten to do so. He would not be morally justified in obtaining money to induce him not to carry out his threat, but if he did receive money under such circumstances, he would not come within the provision of the statute which is necessary in crimes to allege that the act was unlawful."

The concluding paragraph of the decision reads as follows: "Many other questions are discussed as to refusing certain instructions asked by the defendant and as to the insufficiency of the evidence to justify the verdict, but in view of the holding as to the indictment it would serve no useful purpose to discuss them. The judgment and order are reversed, and the trial court is directed to sustain the demurrer to the indictment and to discharge the defendant as to such indictment."

Ruff appeared before Judge Dunne this morning for sentence in the extortion case, but the prosecution was granted a continuance for two weeks.

Conference of Prosecutors.

Both Schmitz and Ruff, when seen at the county jail tonight, refused to make any statement or comment upon the decision.

Francis J. Heney, Assistant District Attorney, who prosecuted Schmitz, arrived tonight for Portland, Ore., to take charge of the Oregon land-fraud cases there. Soon after his arrival he was apprised of the action of the Appellate Court and a conference that lasted from 2 until 6 o'clock was held in the District Attorney's office among Mr. Heney, Rudolph Speckels, who financed the bribery-graft investigation and prosecution; Special Agent William J. Burns, District Attorney William H. Langdon and several of his assistants. At this conference the effect of the decision of the Appellate Court upon the prosecution and a course of action were discussed at great length.

When the conference broke up, in order to enable Mr. Heney to catch his train for Oregon, the announcement was made that no statement would be given out and the District Attorney's office would adopt a policy of silence in regard to its plans. Neither Mr. Langdon nor Mr. Heney would say whether or not an appeal would be taken to the Supreme Court from the decision rendered by the Court of Appeals.

Will Push Prosecution.

"The prosecution has not been embarrassed in the slightest by this decision," said Mr. Heney. "There are plenty of other indictments against both Schmitz and Ruff."

"It is not the province of the District Attorney's office to criticize the action of the Appellate Court," declared Mr. Langdon. "There are few indictments against Schmitz and Ruff which cannot be interpreted as not constituting a public offense."

"I want to say that the prosecution of the bribery-graft cases will be vigorously renewed and pressed to a conclusion as rapidly as possible. The various rumors and reports to the effect that the cases will be abandoned and that the prosecution is going to pieces that are being circulated for the purpose of embarrassing us and creating a sentiment of antagonism and indifference, are without the slightest foundation. Heney may die, but the prosecution will go on just the same; Langdon may die, but not one of the grafters will escape. Just what action was decided upon at the conference this afternoon I am not prepared to say. It was agreed that hereafter nothing will be given out in advance."

Small Kentucky Bank Closes.

CHICAGO, Jan. 9.—The Farmers Bank of Whitesville, Ky., closed its doors yesterday as a result of a run. The bank had a capital of \$15,000. It is stated that all depositors will be paid in full.

Metzger, Jeweler, Optician, 342 Wash.

CARTER LOSES ALL

Railroad Bonds of Engineer Are Uncle Sam's.

LONG CONTEST DECIDED

Grafting Army Officer Must Give Up \$400,000 of Plunder He Got From Greene and Gaynor in the Harbor Frauds.

CHICAGO, Jan. 9.—Judge Kohlsaat in the United States Circuit Court rendered a decision this afternoon in favor of the Government against Captain O. M. Carter, ex-United States Engineer, charged with having defrauded the Government to the extent of \$700,000 through conspiracy with Greene and Gaynor, contractors for Fort Royal harbor improvements.

The court ruled that Carter was not entitled to the \$400,000 in unregistered railroad bonds and other securities traced by the Government to sixty deposit vaults and banks in various parts of the country. Under the decision the Government will retain these securities and the famous case, which resulted in the conviction of Captain Carter and of Greene and Gaynor and the imposing of a penitentiary sentence, is brought to a close.

Funds of Captain Carter, which the Government alleges were proceeds of Carter's collusion with Greene and Gaynor, are tied up by suits pending in the Federal courts of New York, New Jersey, West Virginia, Georgia and Illinois.

The Government prosecutors contended that the Army officer and the contractors defrauded the Government in the sum of \$2,225,000 and that one-third of the amount, or about \$750,000, went to Captain Carter. Special assistant to the United States Attorney-General Marion Erwin was assigned to the prosecution of the cases and after several years work \$400,000 invested by Carter in various states was traced and seized.

RESENT TROOPS' PRESENCE

Unions Declare Order Was Blow at Organization.

RENO, Jan. 9.—Fully 1000 union men attended a mass meeting here tonight, called for securing an expression of opinion on the labor situation in the Nevada field. Resolutions upholding Governor Sparks in calling for troops were introduced and seconded, but were voted down amid high applause.

Resolutions were then passed stating that the troops were an unnecessary expense; were called without cause, and it was the sense of those assembled that the primary purpose for bringing the troops to Goldfield was to reduce wages and aim a direct blow at organized labor in Nevada.

Members of the State Legislature who spoke were decried as enemies of union labor for upholding the call for troops.

UNIONS ASK ARBITRATION LAW

Goldfield Miners Send Petitions to State Legislature.

GOLDFIELD, Nev., Jan. 9.—The labor unions here are preparing a bill to be submitted to the extra session of the Legislature, asking for compulsory arbitration and an appeal has been based and petitions circulated asking for its enactment into a law. It depends upon Governor Sparks whether the Legislature will be permitted to act upon the subject as it would have to be embodied in the Governor's message to that body.

Word was received here today that both Senator Nevada and Senator Dixon were on their way from Washington to assist in getting through the Legislature such police laws as have been suggested by the Governor. A large delegation will go to Carson from Goldfield representing the law and order forces and the Miners' Union will also be largely represented, to fight any measure favored by the Mine Operators' Association.

MINERS REACH GOLDFIELD

Deserters From Federation Will Help to Break Strike.

GOLDFIELD, Nev., Jan. 9.—Eighty miners and muckers arrived in Goldfield today on a special train and were unloaded at Jumbo Town and taken directly to the boarding-houses of the Consolidated Company. Of this force 50 will be employed in the Mohawk mine.

The men are all Americans and were recruited in Salt Lake City from former employes of the mines at Park City, Utah. The majority of them are said to have been Western Federation men, but all are said to have signed the pledge exacted by the Goldfield operators.

Smeltersmen Refuse to Strike.

HELENA, Mont., Jan. 9.—At a meeting last night of the employes of the East Helena plant of the American Smelting & Refining Company, a motion to go on strike was defeated by only five votes. It is believed that there will be no further trouble over the reduction in wages.

Big Mills Resume Work.

PROVIDENCE, R. I., Jan. 9.—The Weybosset mills of the American Woolen Company in Olneyville, employing 800 hands, have resumed operations on full time after running four days a week for six weeks.

Withdrawing Troops From Muncie.

MUNCIE, Ind., Jan. 9.—Major-General McKee issued orders this afternoon for the return to their homes of three companies of militia now in Muncie. Streets are now running on normal schedule.

Gotch to Meet Hackenschmidt.

BALTIMORE, Jan. 9.—Frank A. Gotch, champion wrestler of the United States, announced today that he had received a telegram indicating that George Hackenschmidt had consented to meet him. The date for a match between April 1 and May 1 would suit, Gotch said that it would, and that either Kansas City or Chicago would be chosen as the scene of the contest.

Will Enforce 16-Hour Law.

HELENA, Mont., Jan. 9.—The State Board of Railroad Commissioners today directed the Attorney-General to file three actions in the District Court against the Northern Pacific Railway Company, alleging violations of the 16-hour employment law for employes in the train service.

"Open All the Time"

ABSOLUTE SAFETY OFFERED DEPOSITORS

No interest paid on commercial accounts or daily balances.

4% INTEREST

Paid on Term Savings Accounts

By the old gold—tried and tested

German-American Bank

Corner Sixth and Alder Streets Opposite Oregonian

FOR TWO DAYS—TODAY AND TOMORROW ANY LADY'S SUIT in the HOUSE Any COAT or CRAVENETTE, any WAIST or SWEATER, all BAGS, BELTS, COMBS, FURS at 1-2 Price Also for the Two Days ANY MAN'S SUIT in the HOUSE (Reserving only the blacks and blues)—500 HAND- TAILORED SUITS for Immediate Clearance at 1-2 Price I. GEVURTZ & SONS FIRST ON YAMHILL SECOND Spectacles \$1.00 at Metzger's.

What Quality Means Among the best beers, the differences are not largely due to materials. 'T would be folly to skimp there. Most differences in taste are due to the skill, or the lack of skill, in the brewing. And to the yeast. But quality refers, above all, to the purity. Pure beer has no germs in it, and it does not cause biliousness. It is not only good, but good for you. Purity is rare because it is costly. And because its lack is not easily noticed. But in Schlitz beer it is the first requirement. We spend more to attain it than on any other cost of our brewing. Ask for the Brewery Bottling. Common beer is sometimes substituted for Schlitz. To avoid being imposed upon, see that the cork or crown is branded Schlitz The Beer That Made Milwaukee Famous.

Sherwood & Sherwood, 8 Front Street, Portland.