

BLAME FOR BANK CRASH IS SHIFTED

Moore on Stand in Own Behalf Says Methods of Morris Caused Trouble.

LYTLE IS CONTRADICTED

Indicted Banker Says He Was Ignorant of Many Transactions—Telephone Stock Deal Admitted Wrong—Trial Near End.

(Continued From First Page.)
for the bank. Mr. Moore testified that nothing was in the bank to show that the building was being constructed for the bank.

When asked to explain about the Golden Eagle and how it had secured another \$100,000 from the bank, Mr. Moore said that the real truth about the bank's having taken over the stock of the Golden Eagle was not as known to him until Morris was away on a trip. Then, he said, it had come out accidentally through the assistant cashier, Mr. Truby, now dead, who said he had understood from Morris that the company was to be allowed to overdraw.

Note Covers Overdraft.

"I don't remember when or how the account was first opened," said Mr. Moore, "but it was in the latter part of 1906, and came to the bank in the usual way. Shortly after the account came there they began to ask for accommodations. They couldn't make a showing which was satisfactory at that time, but at the same time, as is sometimes liable to happen in banking, they did manage to run in a small overdraft. To cover this overdraft and to allow further credit which they wanted, we took their note for \$5000, which was indorsed by Mr. Wright, of the Oregon Hotel, it being understood that Mr. Wright had some interest in this company. They were accustomed to deposit from \$500 to \$1000 every day and it was one of those accounts that was hard to keep down.

"So far as I knew they did not have any more than the \$500 in the account. I had occasion to refer to the ledger in which their account was and saw, quite by accident, that they had overdrawn \$21,000. I called Mr. Wright and he said Morris had allowed it. I telegraphed Morris and asked him if these sums had been advanced without security. He replied that they had, and I called in Lowit and insisted that the account must be brought down at the rate of \$1000 a week. It was not until the account was cleared up. After that I knew nothing about their debts to the bank until a few days before the bank closed. Then I learned that Morris had allowed them to have more money and to protect the bank had taken over the stock of the company. It was on the day after the bank closed that I was called by Mr. Truby and he said that all of us were going over the bills receivable that I learned it. Truby came to me just as we were going out of the bank and called my attention to the pouch which he said had been put in the rear vault by Morris. I tried to get him to explain fully about the bills, but he did not seem to be able or to be disposed to. I was knocked off my pins when I learned that the Golden Eagle owed this money. What I said was that we had better not show Friede those notes that night, that we could show them in the next day. Apparently he said that in a prebention about the bank, but our want of cash had made Friede very sick and I thought it were best that he hear no more bad news. I had absolutely no doubt as to the solvency of the bank at that time and have never had. I did not learn all about the Golden Eagle until a week or so after the bank had closed, when Morris, who had been to New York, told me about it."

Stock Covers Overdraft.

When asked to explain how it was that he had told Mr. Devlin that the Golden Eagle owed the bank only \$5000, Mr. Moore said that in reality that was all it did owe, the transfer of the stock to the bank after the first \$5000 note having been made to take care of the overdraft. He said this point was so explained to Mr. Devlin and to Mr. Simon and that for some time after the failure they had debated as to whether it would be best to handle the claim of the Golden Eagle as an asset of the bank or to assume the ownership of the stock in settlement of the claim.

Tearing off of the names from the Golden Eagle stock, he said, had taken place after the transfer of the Golden Eagle stock to the bank. Gus Lowit had demanded return of the notes and Mr. Moore and Morris refused but agreed to tear off the names, as the Oregon Trust could not keep both very well under the agreement.

In relation to the Pacific & Eastern Mr. Moore testified that George Estes, then in charge of the bond department of the bank, was enthusiastic about the road and finally got Morris and Lytle to investigate the proposal. He said that certificates of deposit for \$31,000 had been issued on this deal from the bank and that he had relied entirely upon Morris and Estes' judgment in this transaction. He explained issuance of the certificates of deposit by saying that the receiver of the road had assured him that it would not be necessary to cash the certificates of deposit as the bonds would be sold for the road before the need of the \$31,000 would be pressing.

Lytle's Statement Denied.

"What are the facts about the statement in Mr. Lytle's testimony that you assured him that the bank had nothing to do with the Board of Trade building?" asked Attorney Fulton.
"I never assured him of anything of the kind," was the reply. "In fact I don't remember having a conversation with Mr. Lytle."
"The Order of Washington account was opened up before I had anything to do with the bank," continued Mr. Moore. "I worked every day I could to get the account secured or to get it reduced in some way but was unable to do so."
He denied being in the bank as said by Mr. Watta, the friend of Minnie Mitchell, who declared that Moore witnessed the banking transaction on which the indictment against Moore is based. Mr. Moore said he was in the parlors of the First National Bank at the time negotiating with the members of the committee of the Clearing House for the loan of \$500,000. He further stated that Toller Declus had no right or authority to receive the deposit as his duty was to take care of only those persons who were in the bank line at 3 o'clock when the doors were supposed to be closed.
He described the meeting with the Clearing House committee and said that they told him that they did not want to make a loan because they thought

Morris was unfit to be in the position he occupied. Mr. Moore said the bank had invested largely in telephone bonds because they found, after some inquiry, that other banks in Portland and outside were investing in them freely and it was done with the knowledge and consent of all of the board of directors.

Reorganization in View.

At the time of the failure of the bank he had thought of reorganizing it and Nationalizing it, and with this purpose in view had some money for work for a new bank which was to be called the National Bank of Commerce. There was \$7200 of this money in the bank when it closed, he testified, and when back \$4800 in cash to prospective stockholders by raising the money himself out of his private funds. He and his brother, he testified, had an investment company which deposited \$15,000 in the bank. Both, he said, had small personal accounts also.

Moore declared that the surplus had been created at the same time his notes were taken out of the bank by the entry of the telephone stock, which they valued at 50 cents on the dollar. He said he valued the property free and clear of all incumbrances, which he had turned over to the receiver after the bank had closed, at more than \$180,000. On cross-examination, Mr. Moore said he owned only \$15,000 of the bank stock. When he bought out Ralston's share, amounting to \$25,000, for which he paid a bonus of \$10,000, he said he bought it for the bank and it was understood by him that the stock was to be held in a trust account for the bank until sold. He had put in his note for \$25,000, he testified, and when any of the stock was sold it was to be credited upon his note. He couldn't remember any stockholders' meeting at which he was elected director, and said that he had never seen any of the bylaws, and had gilded himself in his duties as president on the belief that it would be all right if he used his own judgment. He did not know that the bylaws provided that the savings accounts of the bank should be invested only in municipal and National all bonds and real estate mortgages at 40 per cent of their value, although the printed advertising of the bank said so.

He Said He Knew Morris Was Not Worth the Amount of Money for Which Notes Had Been Placed in the Bank with His Name Attached.

At 5 o'clock the attorneys for the defense notified the court that their defense was virtually through when the cross-examination of Mr. Moore ceased, and that they were ready for argument. Mr. Fitzgerald said he desired to question Mr. Moore further along other lines and would perhaps finish about noon, when the argument might proceed.

CHINA TO HAVE NAVY

PORTS AND DOCKS ARE BEING PLACED ALONG COAST.

Students Will Be Sent to England and Germany to Learn Methods of Construction.

VICTORIA, B. C., March 27.—(Special.)—According to the latest Oriental newspapers, the Chinese naval commissioners have presented their first report on their tour of investigation to the naval yards of the world. The first recommendation was that the government should send Chinese students abroad to study methods of construction. This will be done, the students going to England and to Germany. As a further result of the investigations, the Chinese government has decided to build a Chinese navy, and to create a board of Admiralty to have charge thereof.

As in Canada, a beginning will be made building cruisers and torpedo boats, but this will be followed up with battleships of the first order. As a further step in the same direction, the naval department is preparing maps preliminary to constructing naval bases, forts, barracks, docks and light-houses. Great secrecy is being observed as to this latter move. Regarding naval education, schools will be established in the coast and riverine provinces, and two military schools will be established—one by the province of Chihli, Mukden and Shantung, in conjunction, and the other by the provinces of Kiangsu, Chekiang, Fukien and Kwang. An academy and special schools will be organized and the naval department will be at the Capital.

With respect to expenditure, \$500,000 is required this year for naval stations, to be followed by \$1,000,000 next year; \$2,000,000 of the \$15,000,000 estimated will have to be provided this year for construction work. Circular orders have been sent out to the provinces urging the authorities to make further contributions toward the naval funds, but in view of the present financial straits of the country, it is hardly to be expected that the provincial exchequers will be able to provide the further contributions asked for.

PORTLAND MEN TO FIGURE IN DIVORCE

T. J. Munly, Fred Merrill, S. A. D. Puter and C. P. Webb Connected With Case.

SENSATIONS COME FAST

Frank Drake, Furniture Man, Says Portlanders Guilty of Misconduct With His Wife, and Cites Instances in His Complaint.

SAN FRANCISCO, March 29.—(Special.)—There is to be a divorce suit in the family of Frank Drake, the furniture broker, of New York, and San Francisco, who interrupted his wife at dinner with George Graham, a traveling salesman, who said he was a mining promoter, at the Teahua Tavern. Drake announced yesterday that he would begin divorce proceedings when his legal residence shall have been established in California.

Desertion will probably be alleged in the divorce complaint, for Mrs. Drake and her husband, as a result of the sensational chase in taxicabs along Market street, and the signing of articles of separation.

Merchants Savings & Trust Company

Corner Sixth and Washington Streets

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One dollar will open a savings account with this company. An account once opened will encourage your endeavor to save and increase the account from time to time. It will do more. It will cause you to be methodical in your transactions.

Centrally located and fully equipped in every department, we are prepared to handle all business that comes within the scope of our service.

MORGAN, AT \$18 GROVE STREET. DRAKE STILL RESIDES AT THE PALACE.

George Graham, who escorted Mrs. Drake to a dinner which was interrupted by the unexpected arrival of her husband, has left the Palace and the city.

"I don't know what has become of him," said Drake. "He was such a contemptible piece of humanity that I never took the trouble to inquire where he went."

MUNLY HAS GONE TO COAST

Health Bad, It Is Said—Resides at The Ockley, on Morrison Street.

T. J. Munly, named as a correspondent in the Drake divorce case, resides at the Ockley, 2912 Morrison street. He left the city yesterday. It was said he was a man of quiet ways, who was away from home much of the time. He first came to Portland 18 years ago and has never married. For ten years he was in Alaska, and has been a traveling salesman. Mr. Munly is 63 years old and is in the real estate business.

Last July he went to Los Angeles seeking health, returning in early Fall. Mr. Munly has been a sufferer, it was said, from stomach trouble and from a catarrhal trouble.

S. A. D. Puter, named also as a correspondent in the Drake case, is "in the timber," and is not expected to return before April 2.

Fred Merrill could not be located last night, although at his home it was said he was in the city.

JOHN S. RALEIGH IS DEAD

Member of Oregon Pioneer Family Dies in San Francisco.

John S. Raleigh, an Oregon pioneer and a former Portland Councilman, died last Saturday in St. Francis Hospital in San Francisco.

Mr. Raleigh was a member of one of the pioneer Oregon families and is survived by a widow in San Francisco and three children. His son, Henry, is one of the most prominent magazine illustrators in New York. He is survived by four sisters: Mrs. J. M. Geary and Mrs. C. A. Trimble, of Portland, and Mrs. Kelly and Mrs. McCormick, of San Francisco. He also leaves one brother in Yakima, Oregon.

80,000 ACRES IN DISPUTE

Northern Pacific Claims Spokane and Flathead Lands.

SPOKANE, March 29.—Half the settlers on the Spokane and Flathead Indian reservations will be involved in a legal battle for possession of their claims. A contest clouding half of the sections in the Spokane and Flathead



OUR NEW DEPARTMENT for READY-TO-WEAR GARMENTS will be devoted specially to garments for

LITTLE WOMEN MISSES and GIRLS

Our buyer has just returned from New York, where he has made selections at first hands—and has secured the very NEWEST in tailored SUITS, COATS, RAINCOATS and WAISTS—in sizes usually difficult to find at other stores—Our entire third floor is devoted to this department.

BEN SELLING Leading Clothier

reservations has been filed with the Department of the Interior by the Northern Pacific.

Every odd section on these reservations, comprising nearly half of the entire acreage, is claimed by the railway company as its property under the Government land grant made to the Northern Pacific in 1864.

Nearly 80,000 acres on the Spokane reservation are affected. Formal notice of the contest was issued to the settlers and the United States Land Office at Spokane today by local counsel for the Northern Pacific.

Astoria Men Enter Box Business.

ASTORIA, Or., March 29.—(Special.)—Charles H. Callendar and W. P. O'Brien, of this city, have acquired interests in the Astoria Box Company and will be associated with W. F. McGregor, former sole owner of the plant, in the active management of the com-

PIONEER OF SOUND DEAD

John Peterson Helped Make Geological Survey in 1854.

TACOMA, March 29.—John Peterson, aged 76, a pioneer of Western Washington, died today in this city.

He first came to Puget Sound in 1854 from San Francisco and was with a Government party engaged in making a geological survey of Puget Sound. Afterward he was engaged in steamboating on the River Platte in South America for several years.

Returning to Washington Territory in 1871, he went to Fort Steilacoom and located on a homestead, where he

had since lived. He is survived by five sons and five daughters.

Moore Hotel Being Remodeled.

SEASIDE, Or., March 29.—(Special.)—Complete remodeling of the Moore Hotel is under way. Alterations to cost more than \$5000 are being made. The whole third floor is being torn out, the walls raised and a flat roof put on. Mr. Moore has had plans drawn for a large salt swimming plunge which will be added as an annex to the hotel this year.

For Your Hair Here Are Facts We Want You to Prove at Our Risk

Marvelous as it may seem, Rexall "93" Hair Tonic has grown hair on heads that were once bald. Of course it is understood that in none of these cases were the hair roots dead nor had the scalp taken on a glazed, shiny appearance. When the roots of the hair are entirely dead and the pores of the scalp are glazed over, we do not believe that anything can restore hair growth. When Rexall "93" Hair Tonic will do as above stated, it is not strange that we have such great faith in it and that we claim it will prevent baldness when used in time. It acts scientifically, destroying the germs which are usually responsible for baldness. It penetrates to the roots of the hair, stimulating and nourishing them. It is a most pleasant toilet necessity, is delicately perfumed and will not gum nor permanently stain the hair. We want you to get a bottle of Rexall "93" Hair Tonic and use it as directed. If it does not relieve scalp irritation, remove dandruff, prevent the hair from falling out and promote an increased growth of hair and in every way give you satisfaction, simply come back and tell us and without question or formality we will hand back to you every penny you paid us for it. We lend our endorsement to Rexall "93" Hair Tonic and sell it on this guarantee, because we believe it is the best hair tonic ever discovered. It comes in two sizes, prices 50 cents and \$1.00. Remember you can obtain it only at our store.—The Rexall Store, The Owl Drug Co., Inc., cor. 7th and Washington Sts.



CAIRO, Egypt, March 29.—(Special.)—One of the most interesting features of Colonel and Mrs. Roosevelt's visit to this city was the party's trip out of the city for a sight of the noted Sphinx, which stands in all its glory and aged romance of centuries the chief show place of this country, a few miles to the west. It was after paying the Sphinx a visit that Colonel Roosevelt, astride a fiery steed, waged the other men of his party and won a two-mile race into the city. Mr. Roosevelt's refusal to talk politics here with the American newspaper correspondents reminded them of the Sphinx he had visited—silent, yet looming high on the horizon now closely watched by the American people.

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