

WHITE HOUSE TRIP KEPT FROM SCHLEY

Broker Ignorant of Morgan's Kindly Effort to Prevent Firm's Collapse.

ROOSEVELT LETTER READ

Organizer of Tennessee Iron Syndicate Not Prepared to Testify That Appeal to President Prevented Failure.

NEW YORK, Aug. 2.—When Judge Elbert H. Gary and Henry C. Frick, of the United States Steel Corporation, took a midnight train for New York, in the financial panic of 1907 to see President Roosevelt in Washington about the taking over of the Tennessee Coal & Iron Company by the Steel Corporation, in order to avert the crash of the brokerage firm of Moore & Schley, Frant B. Schley, one of the most interested participants in the proposed transaction, knew nothing about the White House expedition.

Mr. Schley, who was one of the organizers in the Tennessee Coal & Iron syndicate and has been associate manager, today so informed the House committee of inquiry into the Steel Corporation. He further surprised the committee by the admission that he could not say whether the transfer of Tennessee Coal & Iron stock, upon which the brokerage firm had made heavy loans, prevented the financial demise of his brokerage business.

Great Value Pointed Out.

Though denying any knowledge of the existence of an alleged conspiracy on the part of J. P. Morgan and his interests, or the United States Steel Corporation, or both to discredit Tennessee Coal & Iron stock so that the Steel Corporation could acquire the vast holdings of ore and coal in the Birmingham district, Mr. Schley said that when the transfer of Tennessee stock to the Steel Corporation was suggested, he pictured to George W. Perkins, a member of the finance committee of the Steel Corporation, how Tennessee Coal & Iron would be a tremendous value to his corporation, how its vast ore and coal holdings were invaluable, and how its acquisition would enable the corporation to enter the southern steel market actively.

After inquiring into the preliminary condition which led up to the sale in 1907, Mr. Littleton asked Mr. Schley if he had, prior to the negotiations, gone to J. Pierpont Morgan and disclosed to him his control of Tennessee Coal & Iron Company stock.

"I never did," Mr. Schley replied.

Morgan's Partner Told.

"Did you tell Mr. Perkins, Mr. Morgan's partner, about it?" asked Mr. Littleton.

On the Saturday before this sale, Mr. Schley replied, he met Mr. Perkins and talked generally about the proposed sale.

"To urge Mr. Perkins," continued Mr. Littleton, "to advocate the sale of the property to the Steel Corporation and point out to him what a valuable property it would be."

"I told him I thought the Tennessee Company would be a very valuable property for the Steel Corporation. I called his attention to its great physical advantages, its vast ore holdings and numerous undeveloped coal fields."

"Was the firm of Moore & Schley facing financial difficulties at the time of this transaction?" asked Mr. Littleton.

"The situation was serious. No one could tell what the morrow would bring for them."

"Were you involved more than other brokers?"

"Our loans were more extended than they ought to have been."

Roosevelt Much Impressed.

Mr. Littleton read from a letter written in November, 1907, by President Roosevelt to George W. Perkins, of the Tennessee Coal & Iron Company, in which he related that Judge Gary and Henry C. Frick had been to see him and told him that a prominent New York brokerage house would fall within a week unless the United States Steel Corporation took over the Tennessee Coal & Iron Company.

"Did you know that Mr. Gary and Mr. Frick had gone to Washington to see President Roosevelt?" Mr. Littleton asked.

"I did not know anything about it until the day following, Monday."

"Did you tell anyone before that expedition that Moore & Schley would fail the next week?"

"I did not," he answered.

"Did you know that Mr. Gary and Mr. Frick were going to tell President Roosevelt that a brokerage firm in New York was about to fail?"

"I certainly did not."

Bankers Plan Rescue.

"Did you hear of a conference of bankers in New York planning to come to the rescue of Moore & Schley?"

"I knew of the conferences at Mr. Morgan's house and that there was a question whether they should go to the rescue of the Trust Company of America or Moore & Schley first."

"Well, are you prepared to say that the failure of Moore & Schley was prevented by the sale of the Tennessee Coal & Iron stock to the United States Steel Corporation?"

"No."

In the long examination it developed that the Tennessee Coal & Iron Company stock was only a small portion of industrial collateral put up with other high grade stocks for Moore & Schley loans. No loans were made on the Tennessee stocks alone.

\$12,000,000 Raised Hastily.

In response to Representative Young as to why a loan from the Steel Corporation would not have sufficed to save Moore & Schley, Mr. Schley declared that it would have necessitated the payment of the money in a short time and involved further difficulty. As it were, they converted assets regarded as the weakest collateral into cash and with \$12,000,000, realized immediately, cleared up the situation.

Mr. Littleton cited Judge Gary's testimony that he had offered to lend five or six million dollars to Moore & Schley. Mr. Schley said he had an indistinct recollection of an offer of that kind, but to certain collateral.

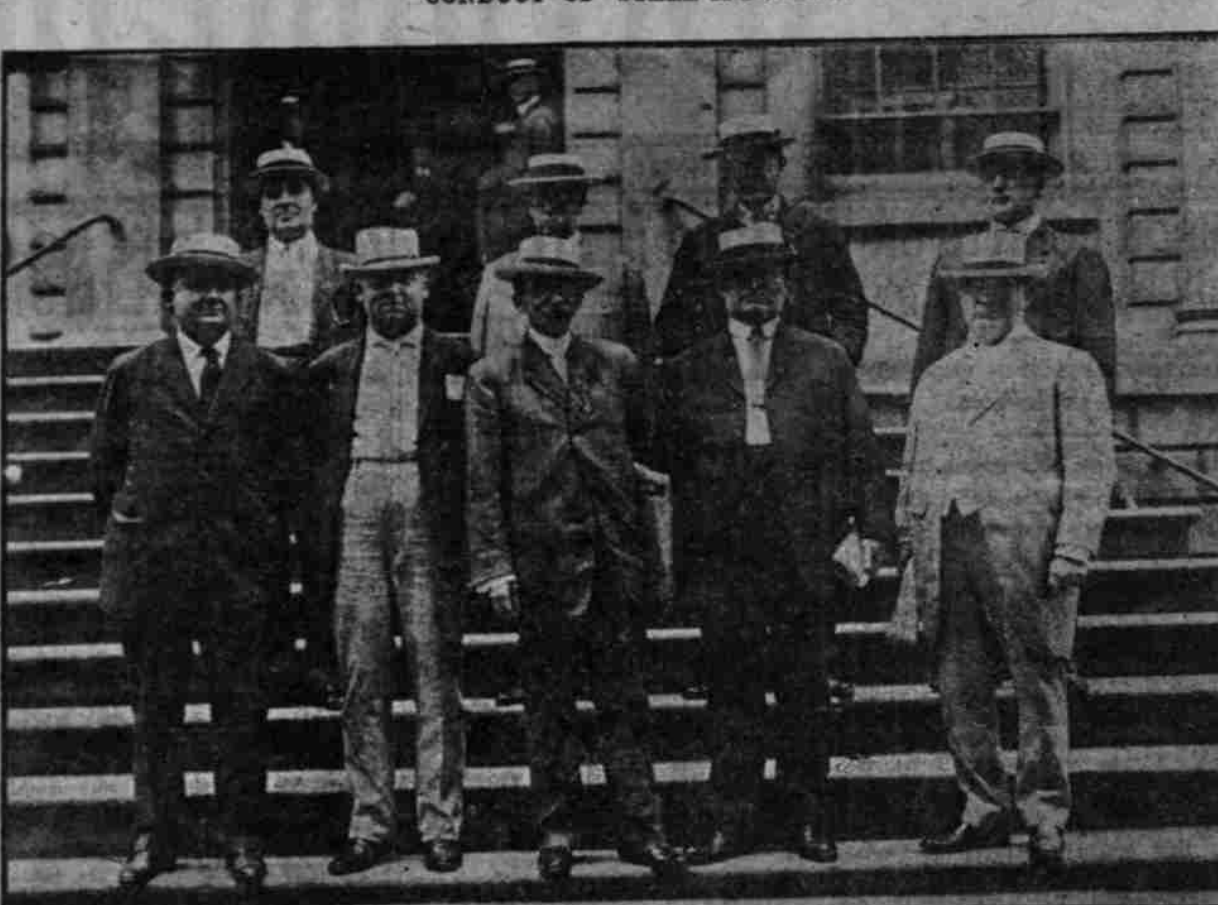
Mr. Ledyard, he said, told him five or six million would be lent on certain collateral.

"My recollection is," said Mr. Schley, "that the percentage of collateral demanded was too great. I am not very clear about it."

Gates' Offer of Aid Refused.

Mr. Schley told of refusing an offer of \$2,000,000 by John W. Gates to lend in the trouble, but that he refused it because he did not want to accept a gratuity.

COMMITTEE OF HOUSE OF REPRESENTATIVES THAT IS ENGAGED IN INVESTIGATING CONDUCT OF STEEL INDUSTRY.



CHAIRMAN STANLEY IN SECOND FROM LEFT IN LOWER ROW. OTHER MEMBERS ARE REPRESENTATIVES YOUNG, MCGILLICUDDY, DANFORTH, STERLING, LITTLETON, BARTLETT, BEALL, GARDNER.

transfer of the property, Mr. Schley said he suggested that Mr. Ledyard call on J. P. Morgan and tell him about the desire to sell Tennessee Coal & Iron to the Steel Corporation. Later Mr. Gary and Mr. Frick called in witnesses.

Mr. Gary said to me that he did not think Tennessee stock was worth over \$50," Mr. Schley said. "I agreed with him, and he said that was about all he could do. I told Mr. Ledyard about it, and later, after other negotiations, were were offered 90 in bonds. The offer of 90 in bonds was not enough. The day was Sunday, and Mr. Gary said they wanted to see the board before they acted. On Monday afternoon I learned that the Steel Company had decided that it would pay par."

HEAT RECORD IS MADE

SUMMER HOTTEST IN UNITED STATES FOR 40 YEARS.

Thousands of Persons Died and Much Damage Was Done to Crops by High Temperatures.

WASHINGTON, Aug. 2.—Not in the past 40 years have temperatures in the United States during the late Spring and early Summer been so uniformly high for so long a period and over such a large portion of the country as this year, according to Weather Bureau officials. The high temperatures were most pronounced over the more central and northern portions of the country, while the Southern States were comparatively exempt from unusual heat.

The intense heat over the more populous sections caused severe suffering in the congested portions of the cities and resulted in the loss of probably thousands of lives.

Lack of rainfall over the great agricultural districts during most of the long heated period greatly retarded vegetable growth and threatened a serious curtailment of crop production. Opportunity, however, with cooler weather, greatly improved conditions, and the outlook at the present time is favorable for the gathering of the usual harvests of most of the great staples. The period of greatest discomfort was from June 22 to July 10. Higher temperatures occurred at other periods over much of the territory, but the resulting discomfort and loss of human life were doubtless augmented in the period just passed by the fact that the most intense heat occurred toward the close of a long heated period, when animal vitality had been largely depleted and therefore was not in condition to withstand further the debilitating effect of still greater heat. The nearest approach to the recent hot waves was in 1901.

TO TOP PEAK, IS HOPE

AVIATORS EXPECT TO CIRCLE PIKE'S PINNACLE TODAY.

Exhibition Flights at Colorado Springs by Turpin and Parmelee Convince Them of Success.

COLORADO SPRINGS, Colo., Aug. 2.—Aviators Turpin and Parmelee, driving Wright biplanes, each made successful flights here today of 25 and 30 minutes, respectively.

The flights were for exhibition purposes and no attempt was made to go any great height. They will attempt to cross or circle Pike's Peak tomorrow. Because of the wind it was late this afternoon before the birdmen finally got into the air to stay.

Parmelee made his first attempt at 2:30 o'clock but was forced to land after going about two miles.

Turpin made two attempts at 3 o'clock to rise but failed to get good starts. The aviation field lies in a hollow and the two aviators finally decided to take their machines outside the grounds to get away from cross currents of air. This proved successful and Turpin arose at 6:20 P. M., and Parmelee 10 minutes later. Both executed difficult glides and dips. After coming down, they appeared more confident than ever that they would be able to circle the peak.

Parmelee and Turpin are using machines especially constructed for flights in this region.

MRS. NEOPOLITANO MOTHER

Child Born to Woman Whose Sentence to Hang Was Commuted.

BAULT STE MARIE, Ont., Aug. 2.—A daughter was born today to Mrs. Angeline Neopolitano, the convicted slayer of her husband, who was sentenced to hang on Wednesday next, but whose sentence was commuted to life imprisonment.

BRYAN IS ACCUSED

Underwood Heated in Reply to Nebraskan.

REVISION NOT BLOCKED

Speaker of House Declared to Be in Full Accord With Policy, Not in Opposition — Democrats Vigorous in Applause.

(Continued From First Page.)

In the interest of a protective tariff, has led this House into lines that were unworthy of any Democrat in the land.

"I know it is false, Mr. Speaker. You know it is false and so do the Democrats of this side of the House. But we must let the country know it is false. The gentleman from Nebraska says that my leadership of this side of the House could not stand in the open. There is not a Democratic member here that does not know that if for one moment I misrepresented the Democracy of this House in bearing my commission, I should send my resignation to the Speaker's desk."

"The reason why the ways and means committee did not take up the iron and steel schedule was that the country was demanding a revision of the textile schedules—schedule K, in relation to wool and manufactures and wool, bearing an average duty of 90 per cent, had not been revised for many years."

Other Schedules Pressing.

"Schedule L, the cotton schedule, bore a duty of 15 per cent covering all cotton goods, and was proportionately equally high. The iron and steel schedule had been cut by the Wilson bill, cut by the Dingley bill, cut again by the Payne bill, and although it needs, and will have, further revision, the committee, not myself, decided that it was wiser to consider these other schedules first."

"At the first inception, I said to the members of the committee, 'I will be glad if you will take up the iron and steel schedule now and lay aside the cotton schedules until you have revised the iron and steel schedule down to an honest revenue basis.'"

"I see members of the committee here who heard me make that statement and will sustain the fact. And yet the gentleman from Nebraska proclaims to the people of the United States that this committee is being led by me in dishonest directions."

"Real Underwood Revealed."

Mr. Bryan's statement, published today as having been made in Lincoln, Neb., declared that Mr. Underwood and Representative Fitzgerald, of New York, defeated a resolution which Speaker Clark and other tariff reformers worked for, instructing the committee on ways and means to take up and revise the iron and steel schedules. The action of Chairman Underwood in opposing an immediate effort to reduce the iron and steel schedule reveals the real Underwood," Mr. Bryan was reported as saying. Some of the Democrats thought Mr. Bryan did Mr. Underwood an injustice when he charged him with being tainted with protection.

"What do the Democrats think now since Mr. Underwood has put himself at the head of the opposition to Speaker Clark's tariff reduction programme?" Bryan added.

Declaring that protection shuns the light, Mr. Bryan was said to recommend a change in the caucus rules so as to require a public record vote on every question affecting Democratic policy.

Income Tax Is Gaining

(Continued From First Page.)

will sure vote to ratify Florida is expected to do so, and Pennsylvania, in view of the action in New York, is at least considered doubtful.

But these states will not act until their Legislatures reassemble, and as some Legislatures will not be in session next Winter, it may be found expedient to have an extra session or two, if the situation becomes such that one or two more states will force the adoption of the amendment.

Cherry Pack Is Shipped.

WOODLAND, Wash., Aug. 2.—(Special.)—The pack of the Woodland Canning Company of berries and cherries is being shipped to Portland today by the steamer Endine. The pack this year amounts to a little over 30 tons. The season is closed, except that possibly some blackberries will be canned. String beans are next, after which pears and apples will be taken up. The season promises to be a large one on all items handled.

Hay Growers Are Happy.

SOUTH BEND, Wash., Aug. 2.—(Special.)—The dry, sunny weather which has prevailed throughout the month of July has given the farmers of Pacific County an opportunity to harvest a bumper crop of excellent hay. J. W. Masterson, who operates the largest dairy and stock ranch in the county, one mile from this city, has 400 tons of hay safely housed and in perfect condition. The harvesting of oat hay is well along and will be completed in a few days.

THE INTEREST TAKEN

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\$25 Suits	\$17.50	\$6 Trousers	\$4.50
\$30 Suits	\$20.00	\$7 Trousers	\$5.00
\$35 Suits	\$25.00	\$8 Trousers	\$6.00
\$40 Suits	\$27.00	\$9 Trousers	\$6.50
\$45 Suits	\$32.50	\$10 Trousers	\$7.00

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TELEPHONE DEPOSITS—WHY?

For some time the Pacific Telephone & Telegraph Company has required new subscribers to deposit the sum of five dollars upon the signing of a contract for telephone service.

The installation of a telephone, for a period of less than one year, means financial loss to a telephone company. The expense of connection and disconnection, added to costs of maintenance and operation during such a period, ordinarily exceeds the amount of a yearly rental.

Telephone rates are based on annual rentals.

Many telephone users, for various causes, discontinue service before the expiration of their contracts, and frequently, in addition, their accounts become uncollectable. This means a direct and definite loss to the company, and, as an expense of operation, has naturally to be borne by its other patrons.

Expensive experience has demonstrated the necessity of requiring deposits, and courts and commissions have held the practice to be reasonable and justifiable.

With the Pacific Telephone & Telegraph Company, this deposit is returned at the end of one year, without application therefor by the subscriber, and with interest thereon at the rate of six (6) per cent per annum. This procedure of returning the deposit with interest has been followed and will be continued without regard to municipal action. Lack of receipt will not prevent the subscriber from receiving refund.

Individuals, firms and other corporations with labor or commodities to sell can extend or refuse credit in their discretion. A public service corporation is without this power.

The deposit is a guaranty that the subscriber will pay a telephone rate, the basis of which is an annual contract. It is a just and necessary protection to the company and patrons who comply with their contracts.

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