

### BOOKS FALSIFIED BY BANKER CHARGED

#### Expert Accountant Declines to Get Tangled in Vancouver Bank Inquiry Case.

### COURTROOM IS PACKED

#### Two Jurors Fall to Sleep During Trial at Kalamazoo When Second Day's Proceedings Are Under Way — Evidence Strong.

### KALAMA, Wash., Nov. 24.—(Special.)

Evidence that H. C. Phillips, president of the defunct Commercial Bank of Vancouver, on numerous occasions made fictitious entries, and records, secured from other banks, and made out two certificates of deposit for \$50,000 each, when there was no money to back them, about the time the state auditor called for financial statements of the condition of the bank, was introduced in the second day of the Phillips trial here today by John T. Richardson, expert accountant of Portland.

Richardson backed his assertions from entries in the bank's books. A. S. Bennett, attorney for the defense, put Richardson through several hours of the hardest kind of cross-examination, and attempted to weave a net of hypothetical questions and answers in an effort to tangle the witness, but the accountant proved a good witness.

The defense attempted to prove that the \$100,000 deposit was made to tide the institution over a hard time of the panic of 1907, and that it did no one harm, but did help the bank, and as no harm had been done, although the methods had been unusual, or possibly irregular, the defendant should not be held to blame.

Courtroom is crowded. The courtroom was packed with interested spectators, and all took a keen interest in the case, though two of the jurors did fall asleep now and again when the dry, but damaging statistics and statements of the bank were being inspected.

Court adjourned at 5:30 o'clock and will resume at 10 tomorrow.

Upon opening the case today, the state introduced as evidence a certified copy of a certificate of business, showing Frank Aldrich and H. C. Phillips were partners, and that Phillips was the 'Company' of Aldrich & Co., private bankers, of Goldendale, Klickitat County, where the papers are filed. An assignment of mortgage by Aldrich & Co. to James T. Burtchell, was also introduced, and the defense objected strenuously to their admission, but the objections were overruled. It is proposed to prove by this that Phillips, as a member of the firm, and also president of the Commercial Bank of Vancouver, used his personal influence to secure loans of money from the Commercial Bank. It was one of the inside corporations of Aldrich.

Accountant Richardson who examined the books covering a period from February 17, 1906, when Phillips entered, until its failure, December 17, 1910, testified that the books were falsified, and that he had found in the bank's books, though he inquired for one. All well-regulated banks use blotting for assistance to the teller, he said.

Phillips Admits Signature. All of the 21 books were admitted as evidence, and Richardson then led the jury through a long course in expert bookkeeping, explaining the entries and why they were so placed. The defense objected that the state had not proved Phillips was president. It is minutes of the Board of Directors' meetings it was found where he had been elected, and that Aldrich, E. Miller and H. C. Phillips being directors, and signed by Gilbert W. Daniels, cashier, before G. R. Percival, notary public. When shown the signature to the minutes Phillips admitted it was his.

An item of an overdraft was to be admitted, but the defense, after a strenuous objection to it, saying that the value of an overdraft depends on the financial responsibility of the person drawing, attorney Piper, for the prosecution, then said: "You have explained that very nicely for me, I will not go further." Mr. Bennett was then asked a heavy laugh the spectators.

Two time certificates of deposits for \$50,000 each, or \$100,000, issued by the Commercial Bank, by Gilbert W. Daniels, cashier, December 5, 1907, in order of the Bank of California, of Portland, admitted as evidence, were retained by the bank until the following day when they were cancelled by a reversal of the entry. "This entry," Mr. Richardson said, "had the effect of fraudulently increasing the cash balance of the bank by an amount of \$100,000, and additionally a corresponding increase in the time certificates of deposit by the same amount representing a fictitious deposit." When this was paid it was by a corresponding decrease in the cash account the next day. They were cancelled by the bank, and they would have had their actual and bona-fide. There were no marks of cancellation by the Bank of California, and the same was made out at the State Bank Examiner had called for a statement of the financial condition of the bank.

Deceit Scheme Seen. Mr. Bennett, in cross-examination, tried to bring out the fact that though this may have been done, it was for the purpose of tiding the bank over a panic in 1907, and as it helped the bank, the one responsible for it should not be called to answer for it. Mr. Richardson said, however, that it helped the bank at that time by showing a good condition, and may have attracted depositors to it, but it was to deceive the State Bank Examiner.

It appears that Phillips borrowed \$10,000 from W. W. McCredie June 20, 1910, and later gave security in a deed to a certain building in Vancouver. This loan seems to have paid off a note of \$10,000 of Moore & Hardin. The sum was paid by Phillips to the Bank of California. Of it Mr. Richardson, in his report said: "This fictitious item of deposit in the Bank of California was reversed the following day, July 1, 1910, and carried in cash until July 11, 1910, when it was apparently paid by the McCredie, et al loan." This is the day the bank examiner called for a statement of the condition of the bank, and which statement was sworn to and published.

While it did not come out in the evidence, it is said that McCredie, when he started East, had the deed to the garage property at Seventh and Washington streets, filed. Moore & Hardin later secured, and now hold, a lien of \$12,000 against the building. Phillips had expected, it is believed, to secure a loan on the building and property from Portland people, but when the title to the property was looked over by their at-

torneys, they refused it on account of a provision in the will bequeathing the property.

### Juggling Accounts Alleged.

As late as November 10, 1910, a remittance of \$5000 was alleged to have been made to Aldrich & Company, private bankers. And this was about a month before the failure. From several items, it appears that many times when regarding accounts took place, it was about the same time that the State Bank Examiner called for a statement of the condition of the bank. When Mr. Bennett said that the president may not have had anything to do with the entries, Mr. Piper said that the Supreme Court of the State of Oregon keeps the books and is responsible for them. The entries are his, and as such supervisor, it is evident by the actions of the counsel that the defendants will attempt to prove that Phillips did not make certain entries, so cannot be held responsible.

A feeling of bitterness by the deponents, who lost heavily, prevails, and when Phillips passed into the courtroom this morning, someone said "good morning" to him.

"Good morning to such a man as that? I would like to see myself said such a thing," Mrs. J. D. Mayer said. "I wish I could put him where he properly belongs. I would come down here every day for six months."

Richardson was excused late this afternoon, and testified that she received 8 per cent interest on her savings account with the bank. She lost in all about \$12,000.

### FIVE TICKETS IN FIELD

#### GLADSTONE RECORDER ROUTED OUT OF BED BY CANDIDATES.

#### Opposed to Mayor Freytag Is Harvey E. Cross, Founder of Town, Who Was Finally Urged to Run.

OREGON CITY, Or., Nov. 24.—(Special.)—City Recorder William Hammond, of Gladstone, has all kinds of office hours, and he was routed from his bed after 11 o'clock Thursday night to receive the petitions of candidates for municipal offices. Thursday being the last day that candidates could file and get on the ballot for the annual election on December 4. It was the eleventh hour in more ways than one.

Two tickets are in the field for the coming election, which will be the first since the original election was held for the purpose of incorporating the town, when officers were chosen to serve until January, 1912. The present ticket is headed by O. E. Freytag, the present Mayor, who is a candidate for re-election. Along with Mr. Freytag are the following candidates for Alderman: One-year term—Frank A. Hammett, James Wilkinson. Two-year term—C. E. Forshner, C. W. Pankh.

Opposed to Mayor Freytag is Harvey E. Cross, founder of the town of Gladstone. Mr. Cross was urged to run for Mayor when the town was incorporated, but he declined, but now he has entered the lists, and with him are the following candidates for Alderman: One-year term—William LaSalle, Frank P. Nelson. Two-year term—Thomas E. Gault, Chambers Howell, C. A. Williams. Mr. Howell is the only member of the present Council to be a candidate for re-election; the others having declined to go after a thankless job, being F. A. Burdon, F. S. Baker, C. A. Baxter, Brenton Wedder and E. J. Tracy. Mr. Burdon is moving to Oregon City, but the other Aldermen would have been eligible.

Recorder William Hammond has declined to run against the candidates, and John N. Slevers, a law student in Oregon City. The position pays \$150 per annum. J. C. Paddock, former treasurer of Clatsop County, is a candidate for city treasurer of Gladstone, and has no opposition, the present treasurer, J. K. Pardee, having declined to run. He is a salary of \$50 per annum for the city treasurer.

There are more than 150 voters in Gladstone and it is said a hot campaign will be waged. The city hall is in the City Hall on Dartmouth street, and the election officers who have been appointed are: Judges—E. J. Tracy, Charles T. Slevers, E. P. Parter. Mr. Gault is a candidate for Alderman and will not serve this city election, so another will be named.

### BIG SHEEP DEAL FIXED

#### HERD OF 8000 HEAD TRAVEL 100 MILES IN SIX DAYS.

#### Klamath Falls Firm Closes Transaction With Lakeview Man.

Cost of Keep Heavy.

KLAMATH FALLS, Or., Nov. 24.—(Special.)—What is probably the most important sheep deal ever made in this region was the delivery here by Dave Edler, of Lakeview, of 8000 lambs to McKendree Arthur, of this city. The task of driving this big band of sheep over 100 miles was no easy one, and several men were necessary to look after them on the road and see that they were carefully pastured when stops were made. It took about a week to make the trip.

The McKendree & Arthur purchase has been driven to Merrill to feed for the winter, and incidental to their board is the purchase of 125,000 pounds of ground feed and 500 tons of hay, which with hay retailing at \$15 means a heavy outlay, even at a discount on a wholesale scale.

The care of such a band of timid quadrupeds is more than the ordinary mortal realizes. Five men will be constantly employed to look after them, and huge wells will be continuously pumped to supply them with water, and each day the watering troughs have to be cleaned thoroughly, while feed racks from which the eat nourishing alfalfa must be cleaned twice daily of all stems and debris.

The band is being carefully guarded, no dogs being allowed about the corrals, and no persons but the keepers allowed inside them. With these keepers the "woolies" soon become accustomed, so that they can be handled without fear. The only exception to the herders allowed in the corrals is the old gray mare who furnishes power for the pump, and she will stay in the corral, drinking from the same trough and feeding from the same racks as the herd, until the lambs are shipped away in the Spring.

Pendleton Woman Dies of Burns. PENDLETON, Or., Nov. 24.—(Special.)—Mrs. Caron Stewart, an aged colored resident of this city, died today as the result of burns received two days ago. She was engaged in preparing a meal for herself and husband when her dress caught fire from the stove. Before the flames were extinguished she was so severely burned that death ensued.

Pianos rented, \$2 and \$4 per month; free drayage. Kohler & Chase, 375 Washington street.

### SILENT PLANS USED

#### New Drill Regulations Adopted by Coast Artillery.

### BETTER CONTROL OBTAINED

#### Fort Stevens Troops Find Regulations More Simple, More Direct and Do Away With All Superfluous Commands as of Old.

FORT STEVEN, Or., Nov. 24.—(Special.)—The Coast Artillery troops at Fort Stevens are now adopting and putting into practice the new 1911 drill regulations for infantry troops. These regulations are decidedly superior to the old methods in vogue. They are more simple, more direct, and do away with all superfluous commands. The great advantage probably consists in the fact that they permit a more elastic conformation of bodies of troops and secure harmony between the different elements of the commands.

Silent signals play a predominant part in the new system, and the change in direction of motions of the hands. A system of communicating orders that do not depend on the voice or blare of a trumpet is necessarily more efficient than the crude methods employed in the old system.

Quickness in movement is effected by the use of one command where two were formerly used. For illustration, to make a turning movement from a halt, the following commands were invariably used in the old system: Forward, march; by Column left (right), march! Under the new system, when a company is in column formation and it is desired to execute a change in direction of march from a halt, the very simple and short command, Column right (left), march! is given, the troops immediately turning to a right-about, arms and moving off in the designated direction.

Since modern tacticians believe that all future wars will have their battle arrangements largely based on the simplification of clouds of skirmishers, it obviously follows that special stress is laid on the cultivation of initiative on the part of the individual soldier; therefore, much attention is given to all phases of field drill involving skirmishing.

The relative distance between men on the battle line is left largely to the judgment of the commanders of the various units, a simple system of commands being used to increase or decrease that spaceage.

To restore order of the field drills, which necessarily cause a loosening up of the bonds of discipline, the simplification of having a few minutes' close order formation drill is adopted. Close order drills by placing all under the direct command of the instructor, thereby concentrating attention, restore that control so necessary to perfect military discipline, which primarily depends on one man's power in obtaining concentrated effects.

### FUMES KILL CAR EXPERT

#### La Grande Man Believed to Have Been Asphyxiated at Dayton.

DAYTON, Wash., Nov. 24.—Ray Carpenter, aged 35, a machinist, overcame by fumes from the engine the O. W. R. N. motor car in Dayton last night, and was found dead in the car early today. Carpenter was a motor-car expert, and took night watch at the O. W. R. N. plant. He evidently forgot to turn off the power, or was stupefied, for the engine ran for hours, until burning out the bearings and snapping the gears. The coroner's jury brought in a verdict that death was due to asphyxiation.

The exact manner in which Carpenter met his death has not been determined by the coroner. A thorough investigation will be made. Carpenter had lived and worked for the O. W. R. N. Co. in Portland and La Grande for many years. His home was at La Grande.

### CITY MARVEL TO VISITOR

#### "Joe" Levinson Tells Fresno Marshal He'll Need Guide Here.

"Take this calmly, but you'd better Alder streets," was the advice given by N. J. Levinson to James P. Coyle, when Mr. Coyle left Fresno, Cal., for Portland several days ago. Mr. Levinson is now publisher of the Fresno Herald, but for many years was on the editorial staff of The Oregonian and is familiar with the marvelous growth of this city.

Mr. Coyle is a United States Deputy Marshal for the Southern District of California. Northern Division, at Fresno headquarters. He is in Portland on his way home, and spent yesterday afternoon and last night viewing the city.

"I have not been in Portland for 20 years," said Mr. Coyle. "I thought Mr. Levinson was over-enthusiastic when he told me I would need a guide on account of the sky-scrapers, but, after seeing Portland again, I do not wonder at what he said. It is like visiting a new city."

### THANKSGIVING HOLIDAYS

#### At Clatsop Beach.

Why not enjoy Thanksgiving day and its week-end at the ocean? Nothing is more refreshing and restful than the salt air, roar of the surf and great open fire. Garbhart and Seaside Hotels are open all year and make a specialty of meals and service at Thanksgiving, Christmas and week-ends. The earlier car train leaves the North Bank Station daily at 8 A. M.

### Woodburn Elects City Officials.

WOODBURN, Or., Nov. 24.—(Special.)—At a meeting of the Council Tuesday, the following officers were elected: City Attorney, H. Overton, who has been very active during the past year in prosecution of the Bachlor's Club; Captain T. E. Maginnis was elected Street Commissioner and City Engineer. Here, before the office of Street Commissioner was separate from the City Engineer's and had been filled for two years by Captain Eugene Mosherberger. The action of the Council in so doing was to cut down the expense of running the city during the past year was in excess of the revenue derived from all sources.

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\$30.00 Values	\$22.50	\$45.00 Values	\$33.75

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## WARNING—The \$15 supposed to be tailor-made suits sold in Portland are made in Chicago by concerns who neither own nor control any woolen mills

### PHONE DEAL CLOSED

#### Washington County Transaction Made at Hillsboro.

#### DUAL SYSTEM NOW PASSES

Edward Schalmovich, Banker, to Act as Holding Trustee for Independent Organization Which Will Operate in Future.

HILLSBORO, Or., Nov. 24.—(Special.)—After years of keen competition the dual telephone system in Washington County will cease within a few days, and the independent companies will operate both the Pacific States and their own instruments over one switch board.

The Washington County Independent Telephone Company has purchased the Bell Telephone system in this city, the Pacific States retiring from the field. Edward Schalmovich, a Hillsboro banker, will act as holding trustee for the independent organization. The Bell system covered about 350 instruments, and with no party line embracing more than four telephones.

The independent systems in Washington County early in the game realized the importance of encouraging and connecting with rural telephones, and at present the several organizations cover fully 2000 instruments. The Pacific States found that the rural service of the independent systems largely interfered with the profits of the Bell system, particularly after the Home service was installed in Portland.

Their managers finally made a proposal that the Washington County Telephone Company purchase their holdings, and the deal was closed today. A deal for the Forest Grove independent system, the premier telephone organization of the county, to take over the Bell system in that city, is in progress.

### ALBANY CANDIDATES QUIT

#### With Approach of Election Contest Has Fewer in Running.

ALBANY, Or., Nov. 24.—(Special.)—Several of the candidates at the coming city election have withdrawn from the field since filing their petitions and the contests for various offices are narrowing down to fewer men. Mayor Wallace and Recorder Redfield, who accepted nominations for re-election on the last day for filing petitions upon an understanding that certain candidates for those positions would withdraw, have withdrawn from the field. John Catlin withdrew some time ago from the contest for Chief of Police,

and Fred Hochsperler yesterday filed his withdrawal from the race for the same office.

There are yet four candidates in the field for Mayor, but for City Recorder and Chief of Police the race for each office has narrowed down to three men, while for Councilmen only two men are contesting from each ward. There are also only two nominees for City Treasurer.

The Mayorality candidates are L. M. Curi and Fred Dawson, Independents; P. D. Gillet, Citizens' Progressive League; M. F. Hayes, Socialist. Those still in the race for the other offices are: City Recorder, J. B. Leatherman, Independent; E. V. Smith, Socialist; F. Van Tassel, Citizens' Progressive League. Chief of Police—Joseph Croft, Socialist; Ellis Daugherty, Citizens' Progressive League; Fred W. Grabe, Independent. City Treasurer—H. B. Cusick, Citizens' Progressive League; E. C. Krause, Socialist; Councilman First Ward, J. R. Hulbert, Citizens' Progressive League; L. E. Prouty, Socialist; Councilman Second Ward, M. J. Cameron, Independent; L. H. Fish, Citizens' Progressive League; Councilman Third Ward, V. I. Alexander, Socialist; Henry Lyons, Citizens' Progressive League.

### "PEPPER HAT" WEAPON

#### SHERIDAN PASTOR WARNS HIS MENACING FOES.

#### Enemies Made by Civic Reformer Are in Awe of Cayenne-Laden Headgear of Minister.

SHERIDAN, Or., Nov. 24.—(Special.)—Rev. V. Paschal Welch, pastor of the Congregational Church of Sheridan, has a "pepper hat." The pastor has equipped himself with the "pepper hat" because some of the citizens of Sheridan, whom the pastor dragged over his scolding grill, resented, and they warned the pastor that he had better have a care.

So the pastor bought a corduroy hat in the velvet nap of which he has sprinkled cayenne pepper. He also has issued notice that the first person who attacks him will get the spice-charged headgear lashed across his face.

Rev. Mr. Welch came to Sheridan two months ago and hardly had he learned the streets of the town before he opened on the citizens whose morals have been allowed to lapse. Especially has he centered his attack on the blind cholers and Disharrows. Remedy do not escape the pointed finger of the minister, who declares they are responsible.

To the support of his cause has come one of the weekly newspapers and in it there appears each week words pregnant with the wrath of right-livers, demanding that "Sheridan clean up."

In referring to a planned attack on him at Willamina, in which the foe was put to rout, the pastor says: "If they want me I am ready at any spot or place and if I am to help them back to the infernal regions from whence they came, back to their father's abode, let them see to it that old Lucifer has the gates open to admit them, for they will make the trip faster than the one they made to Willamina."

The implicit confidence that many people have in Chamberlain's Colic, Cholera and Diarrhoea Remedy is founded on their experience in the use of that remedy and their knowledge of the many remarkable cures of colic, diarrhoea and dysentery that it has effected. For sale by all druggists.

### PIONEER 1843 DIES

#### William Waldo Passes Away at Home in Salem.

#### MISSOURI NATIVE STATE

#### Deceased Prominently Identified in Commercial Development of Oregon and With Political Activities of State.

OREGON CITY TO WELCOME HAWLEY. OREGON CITY, Or., Nov. 24.—(Special.)—The Commercial Club is making elaborate arrangements for the entertainment of Representative Hawley, who is expected to arrive here Tuesday on the steamer Oregon. He will be the guest of honor at the luncheon of the Live Wire. Mr. Hawley, who served as President of the Senate and later served as County Judge. He has been all his life connected with the Oddfellows and held many prominent positions in that order.

located on a claim ten miles east of Salem. Late in 1843 he removed to Salem. He was a student of the old Salem Institute. In 1848 he served in the Indian war under Colonel Waters. He later followed gold mining in California. He engaged in business in Yreka, Cal., in 1852. The following winter he returned to Missouri and in 1853 drove a band of about 300 cattle across the plains. He crossed the plains a number of times after that and attended the University of Missouri.

He became interested in the Salem woolen mills and flouring mills, making a trip to Australia in 1870 in the interest of these industries. Mr. Waldo was elected to the State Senate as a Republican from this county and re-elected in 1884. In 1885 he served as President of the Senate and later served as County Judge. He has been all his life connected with the Oddfellows and held many prominent positions in that order.

SALEM, Or., Nov. 24.—(Special.)—When the career of Judge William Waldo ended today it marked the close of almost an epoch in the development of this part of the Willamette Valley, with which he was closely identified. William Waldo was born in Missouri, April 22, 1832. His father, Daniel Waldo, crossed the plains in 1842 and

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