

GAS BUSINESS OPEN BOOK

(Continued from Page One.)

amount of \$800,000, and for this stock the company has received \$800,000 in gold, every share having been sold for cash at par. The report also showed the falsity of the Oregonian's charges as to the receipts from slot meters and from meter deposits.

In behalf of the officers of the gas company, J. N. Wood, president, made a vigorous demand that the committee should investigate the charges of graft and dishonesty which had been made by the Oregonian, but the demand met with scant consideration. "These charges should either be withdrawn or investigated," said Mr. Teal. "The men connected with the Oregonian come forward and substantiate their charges, or if they cannot do that let them acknowledge in a manly way that they were mistaken. The report of the city auditor shows the falsity of some of these charges. The thing you do is to say 'you were wrong,'" he concluded, turning to Harvey W. Scott, the editor of the Oregonian, who had been subpoenaed by the gas company to make good his accusations.

McGinn Real Prosecutor. Although the investigation is nominally in the hands of the special committee of the council and is supposed to be conducted by City Attorney McNary, the real prosecutor, as it soon became apparent, is Henry B. McGinn, retained by the Oregonian, and his refusal to take up the charges of graft was promptly acquiesced in by the committee. He declared that the only question to be investigated was whether the price charged for gas is an exorbitant one, and he refused to take up the other charges.

The season opened with the presentation of City Auditor Devlin's report on the result of his investigation of the gas company's books. That part of the report relating to the capitalization of the company was as follows: "I find upon examination of the books and records of said company that on August 1, 1892, the capital stock of said company was \$1,000,000.

"That said company was during August, 1892, reorganized and the capital stock was reduced to \$750,000 and consisted of 7,500 shares of the par value of \$100 each; of this amount 7,000 shares were issued.

"That on June 18, 1903, the capital stock of said company was increased from \$750,000 to \$1,000,000 and the number of shares from 7,500 to 10,000, each of a par value of \$100.

Convertible Notes. "That on the same date, June 18, 1903, the company offered to its stockholders the opportunity of subscribing for said new stock at par to amounts equal to 80 per cent of their holdings, or to take at par two-year convertible notes or bonds of the company bearing 4 per cent interest. These notes or bonds were called convertible for the reason that the holders thereof could at any time surrender the same and take stock in lieu thereof at the same rate. Of the stock 34 shares were taken at par and paid for, convertible notes or bonds were taken for the sum of \$106,400 and subsequently all of these notes were surrendered for stock, making an issue of 2,100 shares for which \$210,000 was received by the company.

"On April 12, 1904, the gas company authorized the sale of 900 shares of stock of the par value of \$100 each. It will be remembered here, that of the original capital stock of 7,500 shares only 7,000 shares were issued and of the increased capital of 2,500 shares only 2,100 were issued, leaving 900 more of the amount authorized. These 900 shares were subscribed for and paid for at par.

Million and a Half. "On December 5, 1904, the capital stock of said company was increased from \$1,000,000 to \$1,800,000 and its shares of stock from 10,000 of the par value of \$100 to 15,000 of the par value of \$100 each. On December 15, 1904, the company authorized the sale of 2,500

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shares of said stock at the par value of \$250,000 to be paid for before February 1, 1905, and said stock was taken and face value thereof paid to said company. On November 9, 1905, the company authorized the sale of 2,500 shares of stock of the par value of \$250,000. The stock was to be subscribed and paid for before February 1, 1906. The full amount thereof was subscribed for and 2,489 shares were issued and \$1,189,900 received therefor by the gas company. The remaining 11 shares subscribed for are not paid for on the books of the company.

"This covers all stock transactions of the gas company and accounts for all of the capital stock said company is authorized to issue."

Slot Machine Charge. The Oregonian had charged that the gas company's profits alone from the slot meters amounted to \$42,000 per annum. The city auditor's report showed that the total receipts from slot meters for the year ending December 31, 1905, were but \$23,878.86.

The Oregonian had charged that the gas company had on hand \$57,755, deposited by consumers for meters. City Auditor Devlin found from his inspection of the books that the total amount of such deposit on January 1, 1906, was \$8,480.25.

The city auditor also reported that he had visited the shops of the company and had found that a force of men was retained to inspect meters and test inside pipes at the company's expense; also that a force is maintained to adjust complaints.

"I wish further to report that I was given access to the books of the gas company and that its officers extended to me every facility in making the investigation covered by this report," said the auditor in conclusion.

Gas Company's Answer. C. E. S. Wood, then presented and read the answer to the Portland Gas Company's charges. This answer is published in full on another page. As Mr. Wood read those portions of the answer which challenged the truthfulness of the Oregonian's statements and plainly declared that it was acting from dishonest motives many eyes were turned toward Harvey W. Scott, who sat with a smiling and hostile expression. Judge McGinn, Mr. Wood laid special stress on the gas company's declaration that it was ready at any time to sell its plant to the city, provided the city would pay its fair market value. In behalf of the Oregonian, Judge McGinn then presented a formal statement of the accusations which it has made most loudly were not included in the list, which was as follows:

The Oregonian's Charges. No. 1. The Portland Gas company is at this time charging, and has, during the life of its franchise and operations in the city of Portland, charged extortionate prices for gas.

No. 2. The uniform policy of the Portland Gas company has been to disregard and ignore studiously and contemptuously the just complaints of its patrons.

No. 3. The meter readings by its agents are arbitrarily unreliable, incorrect and dishonest, and are besides uniformly excessive.

No. 4. It is the common rule of the Portland Gas company to refuse grant of rebates for overcharges.

No. 5. Excessive penalties for delinquent payments are exacted from all customers who may not have paid their monthly bills within the first five days of each month.

No. 6. The practice of the company to require a deposit before meters are installed in the place of business or dwelling of any patron is followed with obvious and intentional discrimination.

No. 7. The Portland Gas company has exercised its privilege under its franchise to tear up the streets at will without the slightest regard to public rights or the general convenience.

No. 8. The Portland Gas company is paying and always has paid inadequate taxes to the city, county, the school district and to the state, and has falsely undervalued its assessable property throughout its whole career.

No. 9. The Portland Gas company has paid no franchise tax whatever at any time until this year, and has rendered the public no adequate return for the extraordinary privileges it enjoys.

No. 10. The Portland Gas company, in its internal financial management has pursued a carefully planned policy of stock manipulation, resulting in gratuitous awards of large blocks of stock to the "inside circle," which has had charge of its affairs.

No. 11. The Portland Gas company, operating under a franchise granted by the Oregon territorial legislature of 1859, and under a franchise granted by the state legislature of 1874, known as the Zieher franchise, has repeatedly, consistently designedly and unlawfully ignored public rights and proper public interest and concern in the conduct of its affairs and has managed and considered the gas business as its own private business, in no manner answerable to the public, and it has at no time discharged or shown an inclination to discharge its duty to the public as the agents and instruments of the public in directing a public-service corporation.

Judge McGinn declared that the object of the investigation must be to determine whether the gas company was charging an exorbitant rate for gas in exacting \$1.15 per thousand feet, and said that it was comparatively unimportant whether the articles in the Oregonian were substantiated or not.

"I am glad that the issue has narrowed down to that question," replied E. S. Wood, "but my client has been charged by the only morning paper in this city with lying, deceit and chicanery. While it is easy to find out the cost of gas in Portland and you are welcome to walk into our books and get everything you want, yet this committee should remember that it was the gas company itself which asked this investigation. We asked you to pass on the integrity of the men who were running this public utility. It is of interest to the people of Portland to know whether they are grafters or not. We should like to know whether this phase of the investigation is to be abandoned and on that point we should like this committee to vote."

Avoids Other Questions. Judge McGinn insisted that the main issue was whether the price charged for gas is excessive, and declined to take up any other question. Mr. Teal called attention to the fact that the company announced several weeks ago that the price of gas would be reduced this year to \$1, so that the inquiry should properly be whether \$1 would be an excessive charge. He said that he had protested against brushing aside all the Oregonian's charges of graft and dishonesty, but the committee sided with Judge McGinn, and C. F. Adams, president of the gas company, was called to the stand. His testimony occupied the remainder of the evening and was closely followed by the throng which packed the council chamber.

At times the witness grew restless under the questioning of Judge McGinn and finally burst forth in a violent denunciation of Harvey W. Scott and E. B. Piper, declaring that it was the policy of the Oregonian to blackguard all whom it could not bend to its will. There was an exciting scene when Adams strode across the room and shook his fist in the faces of McGinn and Piper and it was with some difficulty that order was restored.

Adams' Testimony. During the earlier portion of his testimony Mr. Adams gave much information as to the gas company's business. He estimated the value of the plant at about \$1,500,000. The amount of gas sold last year was 246,012 cubic feet, and the revenue for the year was \$298,982.67. The business for 1905 was 50 per cent greater than for the year previous. The business for the seven years previous to 1905 was as follows:

1897	.....	\$109,227.28
1898	.....	121,747.25
1899	.....	132,181.35
1900	.....	144,854.94
1901	.....	160,227.50
1902	.....	188,251.91
1903	.....	227,882.55
1904	.....	291,725.29

Mr. Adams said that the allowance for depreciation was 57.68 cents per 1,000 feet. He estimated the allowance for depreciation at 2 1/2 per cent on the value of the plant, or 14.45 cents.

THE VALUE OF CHARCOAL. Few People Know How Useful It Is in Preserving Health and Beauty. Nearly everybody knows that charcoal is the safest and most efficient disinfectant and purifier in nature, but few realize its value when taken into the human system for the same cleansing purpose.

Charcoal is a remedy that the more you take of it the better; it is not a drug at all, but simply absorbs the gases and impurities always present in the stomach and intestines and carries them out of the system.

Charcoal sweetens the breath after smoking, drinking or after eating onions and other odorous vegetables, and improves the complexion, and whitens the teeth and further acts as a natural and eminently safe cathartic.

It absorbs the injurious gases which collect in the stomach and bowels, it disinfects the mouth and throat from the poison of catarrh.

All druggists sell charcoal in one form or another, but probably the best charcoal and the most efficient is in Stuart's Charcoal Lozenges; they are composed of the finest powdered Willow charcoal, and other harmless antiseptics in tablet form or rather in the form of large, pleasant tasting lozenges, the charcoal being mixed with honey.

The daily use of these lozenges will soon tell in a much improved condition of the general health, better complexion, sweeter breath and purer blood, and the beauty of it is, that no possible harm can result from their continued use, but on the contrary, great benefit.

A Buffalo physician in speaking of the benefits of charcoal says: "I advise Stuart's Charcoal Lozenges to all patients suffering from gas in stomach and bowels, and to clear the complexion and purify the breath, mouth and throat; I also believe the liver is greatly benefited by the daily use of them; they cost but twenty-five cents a box at drug stores, and although in some cases a patent preparation, yet I believe I get more and better charcoal in Stuart's Charcoal Lozenges than in any of the ordinary charcoal tablets."

With family around expecting him to die, and a son riding for life, 18 miles to get Dr. King's New Discovery for Consumption, Coughs and Colds, W. H. Brown, of Leesville, Ind., endured death's agonies from asthma; but this wonderful medicine gave instant relief and soon cured him. He writes: "I now sleep soundly every night." Like marvelous cures of Consumption, Pneumonia, Bronchitis, Croup, Croup, Grip prove its matchless merit for all Throat and Lung troubles. Guaranteed bottles about seven years ago. Send for a free trial bottle. Price 25c. S. G. Skidmore & Co.,

Preferred Stock Canned Goods. Allen & Lewis' Best Brand. ADMITS HE EXPRESSED MANY LOTTERY TICKETS

(Special Dispatch to The Journal.) Helena, Mont., March 1.—Daniel B. Jacobs, of the United States court to having sent lottery tickets by express from Montana to Chicago, Dayton, Louisville and Chattanooga, and was fined \$500.

(Special Dispatch to The Journal.) Salem, Or., March 1.—Mrs. Catherine Fennell Winkler, aged 32 years, wife of Professor Winkler, died Wednesday at the Salem hospital. She was born in Kansas and removed to Linn county, Oregon, about seven years ago. She leaves a 5-year-old daughter, also two sisters and two brothers—Mrs. Herman W. Barr of Salem, Mrs. James Hunt of Hubbard, Patrick Fennell of Salem and James Fennell of Olympia.

(Special Dispatch to The Journal.) Fort Smith, Ark., March 1.—The Southern Bank & Trust company, with a capital of \$600,000, failed to open its doors today. It is announced the bank will pay in full.

(Journal Special Service.) Washington, D. C., March 1.—The Chinese legation here believes the rumor of the empress' death is unfounded.

(Journal Special Service.) No Torpedo Planter. (Journal Special Service.) Washington, D. C., March 1.—The \$120,000 provision in the army appropriation bill to replace the torpedo planter for the Pacific coast was stricken out on point of order.

(Journal Special Service.) Springfield, Ohio, March 1.—Martin Davis, the dying brakeman, the shooting of whom by negroes caused the race riots here today, identified Edward

Last year, after paying all costs of manufacturing and distributing gas, maintenance of plant and administration expenses, the company has a balance of \$139,451.93. Out of this fixed charges were paid amounting to \$37,500, \$50,000 was charged off to depreciation, 5 per cent dividends on the stock took \$75,000 and the remainder, about \$37,500, remained in the company's treasury.

Tells Company's History. The history of the purchase of the gas business from the old company in 1892 and of the reorganization of the company in 1901 was related at length by the witness. At the time of the purchase in 1892, the new company paid \$1,000,000 in bonds and \$1,000,000 in stock to the former owners who were C. F. Adams, A. L. Mills and Mr. Whitehouse. In 1901 the business of the company was sold at so low an abate that the receipts were not sufficient to pay fixed charges. Foreclosure by the bondholders seemed imminent, but a plan was finally devised for reorganization.

It was agreed that the stockholders should surrender for cancellation 50 per cent of their stock. The bondholders surrendered 50 per cent of their bonds and in lieu thereof they received stock to the amount of \$500,000. It being agreed further that the bondholders should purchase \$250,000 of new bonds, so as to give the company ready money with which to continue business. All of the old bonds carried a 4 per cent rate on the new bond issue the rate was 5 per cent. To compensate the bondholders for the loss in interest they were given additional stock to the amount of \$150,000, this being approximately the amount of the difference in interest.

As the result of this reorganization the total amount of stock outstanding became \$750,000. Since that reorganization the company has issued \$500,000 of new stock every share being sold for cash at par.

Denies Story of Bonus. Judge McGinn persisted in asking the witness whether he and A. L. Mills did not receive a bonus of \$250,000 in stock for which they paid nothing, but Adams denied that such was the case.

"Well, what did you get out of it?" asked McGinn.

"None of your business," retorted the witness sharply.

"Do you decline to tell the committee what you got out of it?"

"That's it exactly," replied Adams.

"Isn't it a fact that you and Mills got stock to the amount of \$250,000 for which you paid nothing?" persisted the attorney.

"No, sir," shouted Adams. "That is a damnable lie and was given to Mr. Piper by Mr. C. J. Reed. I want to see the man."

E. B. Piper, the managing editor of the Oregonian, sprang to his feet, quivering with excitement.

"That's a lie," he declared, shaking his fist at the witness.

Adams again fiercely repeated his declaration but the attorneys interposed and the semblance of peace was finally restored. McGinn desired to know the names of the stockholders at the time of the reorganization and this drew forth objections from the gas company's attorneys.

"If the purpose is to get the private business of these stockholders, we object," said C. E. S. Wood. C. F. Adams, whose temper had given way once before, suddenly burst forth in a fierce denunciation of the Oregonian.

"Those blackguards that run the Oregonian started this thing for personal motives," he shouted. "They started out to blackguard every man in this company who would not bend to their will. Along about last May they started in to vilify Will Ladd and I made up my mind that so far as the gas company is concerned they would get no more from us."

Scott Makes His Escape. Adams strode across the room angrily demanding what had become of Harvey W. Scott, but the ditor had left the room. C. E. S. Wood interposed a polite statement of the view taken by himself and his clients.

"The view we take of this matter, to be frank, is that the Oregonian started in on this business for spite and because Mr. Adams refused to accede to some of its demands. And the Oregonian is now trying to lay the foundation for more spite-work."

Mr. Teal declared that the company did not propose to withhold any relevant facts but he insisted that the Oregonian had been misled as to the reorganization of the company and that there had been in fact no watering of the stock. This the books of the company would show.

Judge McGinn replied that the public had the right to all details of the reorganization so as to know whether the stock was watered.

"The Oregonian has charged and I now charge that in the reorganization of the old company in 1902, \$250,000 of stock was issued for which not a dollar was paid, and that is the way this long-suffering community has been milked."

Throws It Wide Open. There was a brief consultation among the representatives of the gas company, and then Mr. Wood replied: "Judge McGinn, we have had a little conversation here. We feel that we have the rights of the eastern stockholders in our charge. They are men who have put their money in this business and they have a right to protection. We have decided that you can have our books and all the information you want. Now just rip it up."

The remainder of the proceedings were conducted more temperately. Mr. Adams was questioned as to details of the reorganization and readily gave all the desired information. It was agreed that the books showing the list of stockholders at the time of the reorganization should be the true deposit of the committee and of Judge McGinn when ever wanted. Pending an examination of the books an adjournment was taken until Friday evening, when the investigation will be resumed.

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Fort Smith Bank Closes Its Doors

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Negro Is Identified By Dying Brakeman

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BAER SUMMONED BY PRESIDENT

Chairman of Anthracite Operators Goes to Confer With Roosevelt on Strike.

EXECUTIVE IS TRYING TO BRING ABOUT PEACE

John Mitchell and Chairman Robbins of the Bituminous Mine Owners Also Requested to Visit the Capital and Talk Over Matters.

(Journal Special Service.) Philadelphia, March 1.—President Baer of the Reading railroad left this morning for Washington to confer with President Roosevelt over the anthracite situation. It is believed that the president requested Baer's presence and it is likely that he will advise conciliation. Three years ago Baer declared that the president's interference was unwarranted.

As a result of Baer's visit it is expected that more conciliatory measures will be taken in the efforts to avert the strike, though the anthracite situation depends largely upon the result of a conference between bituminous operators and the miners at Indianapolis on March 19. Should peace result from the conference, in all probability the anthracite men will be forced to make concessions to the miners.

It is reported that both John Mitchell and Chairman Robbins of the bituminous operators have been requested by the president to call on him within the next week.

Whether or not there is a strike in the bituminous coal fields will depend upon the action of the 500 operators who will gather at the Indianapolis convention.

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"BATHASWEET" RICE POWDER Best toilet powder. Antiseptically pure. Relieves wind, chaps, very best for the face. 25c. THE BOX. "BATHASWEET" A Perfumed Luxury For the BATH Softens Hard Water Better than Per-fume, 25c. THE BOX. "BATHASWEET" COMPLEXION SOAP Softens and whitens the skin. Makes heavy, creaky leather, Very fragrant. Perfect for toilet use. 25c. THE CASE. AT ALL STORES—OR MAILED BY US.

Dean as the negro who shot him. He could not identify Dean's companion, Praton-Ladd. The negro was brought from Dayton on a special train, heavily guarded, and returned before the people knew he was in the city.

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