

Witness Denies Seeking NW Power Merger to Grab Banking Business

By ROWLAND EVANS Jr.
 WASHINGTON (UP)—A Wall Street banker Wednesday denied under oath that his firm maneuvered for a merger of two Northwest power utilities in order to obtain new underwriting business for itself.

The witness was Walter J. Gruber, a vice president of Union Securities Corp., New York. He is a member of a "stockholders committee," composed of officers of 15 big investment houses, claiming to represent the interests of stockholders of Puget Sound Power & Light Co. The committee was formed in 1952 to work for a merger of the Puget Sound Co., of Seattle, and Washington Water Power Co., of Spokane.

Both Gruber and another member of the stockholders committee testified before a Senate antitrust and monopoly subcommittee that neither nor their firms owned any stock in Puget Sound at the time the stockholders committee sent a letter to the company's bona fide stockholders promoting the merger. Their firms have owned blocks of the stock from time to time, they testified.

Sen. O'Mahoney (D-Wyo) immediately called for legislation requiring "full disclosure" of all financial interests by members of "so-called stockholders committees" seeking to influence bona fide stockholders.

seeking stockholder support for the merger.

Told of New Business
 2. An interoffice memo taken from the files of Blythe & Co., of Seattle and New York, which is represented on the stockholders committee, made reference to the prospect of new underwriting business arising from it.

The memo described an Oct. 8, 1952, conversation between S.S. Hawes of Blythe & Co., and Kinsey Robinson, president of Washington Water Power. Hawes said in a memo to his office associates that Robinson told him that Union Securities of New York had bid for an underwriting job covering the major portion of the merger in the event it were consummated.

At that time, the merger appeared probable.

"Pretty Firm Reply"
 The Hawes memo also said Robinson was not committed to Union

Securities and that Hawes got a "pretty firm reply" from Robinson that Blythe and Co. would get "part" of the job. The memo also stated that Robinson told Hawes he believed that "many other" investment houses would have to be "in on it."

After the memo had been read to Gruber, he was asked by Joseph W. Burns, subcommittee counsel, if it did not "refresh your recollection."

Gruber said it did, but that neither he nor his firm had discussed possible new underwriting business, which might arise out of the proposed merger, for three years.

To Handle Financing
 Burns said: "The memo said your firm had made an offer" to Washington Water Power to handle part of the merger financing. Gruber replied "a lot of water has gone under the dam" since

the 1952 memo was written. He continued:

"That (financing) was not a consideration in my mind. It has not been discussed for three years to my knowledge."

Testimony disclosed the Securities and Exchange Commission had ordered the "stockholders committee" to withdraw the July letter sent to all stockholders. The SEC held that the letter amounted to a proxy solicitation.

Chandler Hovey Jr., partner in the New York firm of White, Weld & Co., testified his firm had owned Puget stock at various times during the existence of the stockholders committee. He said the stock was held to "maintain a market" for that security.

O'Mahoney said that kind of stock ownership appeared to put the firm in a different position than that of "bona fide" stockholder.

Neuberger, Coon Debates Start Monday

PORTLAND (UP)—Two Oregon congressmen, Sen. Neuberger and Rep. Coon, have worked out final details for the coming debates on Coon's John Day Dam "partnership" bill, their representatives said Wednesday.

The first debate will be at Hood River next Monday night, Sept. 26. The series will close Oct. 7 at Bend with debates in between at The Dalles, Pendleton, La Grande, Baker, Ontario, Burns, Lakeview and Klamath Falls.

The subject will be the statement, "Agreed, the John Day Dam bill is in the public interest."

Coon is sponsor of the bill which provides for federal-local partnership construction of the dam. He will open each debate with a 15-minute talk for his proposal. Neuberger, a vigorous opponent of partnership agreements for big multi-purpose dams, then will counter for 15 minutes.

Each will have 5 minutes for rebuttal and will answer written questions from the audience.

Fire Damages Army Dredge

PORTLAND (UP)—The Army Engineers' hopper dredge Davison was disabled in the Pacific Ocean 190 miles west of Crescent City, Calif., Wednesday as the result of a fire in its engine room.

But the acting Portland district engineer, Col. David S. Parker, said the fire was controlled and no one was injured. The vessel was on its way to the Hawaiian area for dredging work.

The Coast Guard cutter Balsam was on its way to the scene to tow the dredge to San Francisco.

Horse Missing, Moose by Stall

FRANCOIS LAKE, B. C. (UP)—Martin de Hoog is sure his horse, King, is scared as well as missing. This is why:

When he went to harness King for another day of log-pulling he found the horse's chain broken and a bull moose standing beside the stall.

STAR GAZER

By CLAY K. POLLAN

Your Daily Activity Guide According to the Stars

To develop message for Thursday, read words corresponding to numbers of your Zodiac birth sign.

1 Irritating	31 Make	61 And
2 Go	32 Bring	62 Financial
3 Today's	33 Consider	63 Defeat
4 Friendship	34 Situation	64 Financial
5 You	35 For	65 Financial
6 Today's	36 Settle	66 To
7 Good	37 Up	67 Must
8 There's	38 Your	68 Contacts
9 Stop	39 Contribute	69 Business
10 Erratic	40 Making	70 Pocketbook
11 Don't	41 Recoup	71 Gain
12 A	42 Efforts	72 Gain
13 Day	43 Necessity	73 Loss
14 Rush	44 Affect	74 Today
15 Con	45 To	75 Not
16 Succeed	46 Making	76 Likely
17 Cooperation	47 Temperament	77 To
18 Slow	48 Down	78 Making
19 Time	49 To	79 Be
20 Bickering	50 Arrangements	80 Certain
21 Aspects	51 New	81 Records
22 Conditions	52 Any	82 Important
23 Pressing	53 Of	83 Final
24 Floor	54 Your	84 Go
25 Full-time	55 Efforts	85 Unpleasant
26 Chalk	56 Please	86 Faced
27 To	57 That	87 Decisions
28 Should	58 New	88 People
29 In	59 To	89 Decisions
30 To	60 Production	90 Today

Good Address Neutral

To Seek Amendment
 The senator said in an interview he probably will propose an amendment to the Securities and Exchange Act to compel such disclosure.

O'Mahoney is temporary chairman of the monopoly subcommittee, which Wednesday launched a three-day probe into the general subject of utility mergers.

Wednesday's session, attended also by Sens. Dirksen (R-Ill) and Wiley (R-Wis), disclosed that:

1. At least some members of the "stockholders committee for Puget Sound Power and Light Co." owned no stock in the utility when the July 20, 1955, letter went out

Smith River Job To Begin in April

PORTLAND (UP)—Sen. Richard L. Neuberger (D-Ore.) said Wednesday he has been informed by the Corps of Engineers that construction on the Smith river project near Reedsport will begin in April.

The \$147,000 project calls for deepening and widening the river channel from the mouth of the north fork of the stream.

LONG TERM LEASE
 SEATTLE (UP)—Sen. Magnuson (D-Wash.) said Tuesday the Civil Aeronautics Administration had advised him it soon will sign a long term lease with Northwest Airlines for use of Shemya air base, in the Aleutian Islands.

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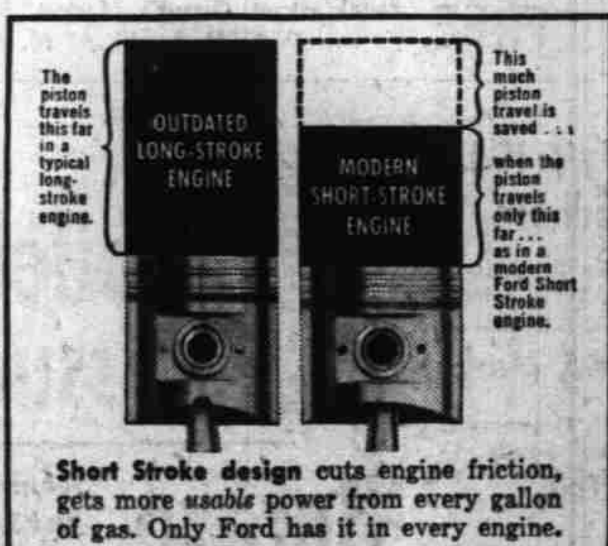
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- NEW! New styling, new "leadership look"!**
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