

DENIES GRAFT IN KLAMATH PROJECT

DIRECTOR NEWELL MAKES STATEMENT FOR PUBLIC

Refutes Charges That Exorbitant Prices Were Paid for Canals by Reclamation Service—Rehearses Details of Transactions.

The East Oregonian is in receipt of the following communication from Director Newell of the reclamation service and gladly gives it publication:

Washington, D. C., Nov. 29.—(Dear Sir.)—A number of newspapers have published an article charging that graft is suspected in connection with certain purchases of canals by the U. S. reclamation service for the Klamath project in Oregon because of the high prices paid. The prices in question were published in a pamphlet and generally distributed long in advance of the purchases, and were specifically approved by the board of directors of the Water Users' association, which is a corporation comprising all landowners in the project.

The charges in question except those regarding the Moore Bros. contract, which are new, were presented to President Roosevelt and to the several secretaries of the interior, Hitchcock, Garfield and Ballinger, and disposed of by all of them as being without foundation.

Mr. Abel Ady of Klamath Falls, Oregon, who recently repeated these charges to the senate committee on irrigation, originally presented them in 1905 and was at that time given a public opportunity to substantiate them, at a meeting of the board of directors of the Water Users' association held March 4, 1906. Mr. Ady publicly withdrew all charges of graft and withdrew his objections to the prices paid. The following is quoted from the minutes of that meeting:

"Mr. Ady states that so far as any fraud or intimation of anything of the kind was concerned his letters to the secretary were never intended to be so taken; that if he had known of any fraud he would have so stated in his letter in so many words, and that he would have been willing to have agreed to pay double the amount agreed upon for the canals, etc., to save a year's delay in the construction of the project."

These charges are now revived when those most directly concerned are not connected with the reclamation service, namely the late Secretary Hitchcock, Director Charles D. Walcott, now secretary of the Smithsonian Institution, and Supervising Engineer J. B. Lippincott, now engineer for the Los Angeles aqueduct.

The charges in detail are as follows:

1. That the government paid \$183,000 for the dam site and reservoir site at Clear Lake, included in the Carr ranch while this property had been offered for sale for \$35,000.

The records of the government show that pending the negotiations for the purchase, which included only a part of the ranch, the entire ranch with stock and improvements was sold for \$350,000 and that the portion bought by the United States, about one-half of the land and valuable riparian rights, was fully worth its proportionate part of the entire ranch.

At the hearing before the senate committee Mr. W. C. Dalton who was part owner of the ranch, denounced as false the statement that the ranch had been offered for \$35,000 and offered to forfeit \$500 to anyone who could substantiate such a statement.

2. It is charged that the Adams canal for which the government paid \$100,000 had been valued by the engineers of the service at \$21,000. This is entirely wrong. The engineer reported that its construction cost about \$78,000 and that the property was fully worth \$100,000 to the United States. The former owner now expresses his willingness to repurchase the system at a higher price and claims that he would make a profit by such a transaction.

3. That the Ankeny canal was purchased for \$104,000 cash, though valued at \$20,000 by the government engineer.

Both statements are false. The purchase price was \$50,000 and the canal was never valued at less than \$50,000 by any government engineer. While the government was negotiating this purchase an offer of \$50,000

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cash was made for the canal by outside parties.

4. There is a claim that the government purchased the ditch of the Moore Brothers and allowed to them power rights far in excess of the value of the ditch.

This is entirely without foundation. The government acquired an existing canal having a capacity of 120 second feet and for which the Moore Brothers had made definite contracts for increase to 205 cubic feet per second. The government acquired the existing canal rights of way, water rights and riparian rights along the stream without other compensation than an agreement to deliver 205 cubic feet of water per second.

It is estimated that the cost to the government represented by extra construction involved required for this purpose, in return for which the United States acquired all these rights amounted to less than \$30,000, a very low cost for these valuable rights.

5. It is claimed that the purchase of the ditch and uncompleted tunnel and other rights for the Klamath Canal Co. for \$150,000 was entirely unwarranted.

This purchase was the key of the entire project. The value of the company's rights was fully understood by Secretary Hitchcock and by the people upon the project. The purchase was made by the United States only after the strongest possible urging from the greater part of the people living on the project and after the full approval of the price and of other conditions by the Water Users' association.

This matter has been frequently and thoroughly gone over by the various secretaries of the interior and its re-publication at this time is a great injustice to the late Secretary Hitchcock who cannot reply and others who are now unable to command

the facts for a reply. These charges have aroused but little interest upon the project itself, especially among those who know that all the facts were made public and approved by a representative body of those interested before the purchases were made, and also that all charges of graft had been specifically and publicly withdrawn.

Very respectfully, F. H. NEWELL, Director.

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