

INQUIRY INTO HARRIMAN LINES

U. P. S. P., O. S. L. and O. R. & N. Companies All Under One Administration.

Mr. Harriman Reports What He Has Done and U. P. Executive Committee Ratifies Pro Forma.

New York, Jan. 4.—Modern methods combining and consolidating mammoth railway systems and extending the principle of community of interest were investigated here today at great length by the Interstate Commerce commission, which began an inquiry into the so-called "Harriman lines."

The commission goes next week to Chicago. Several other cities may be visited before all the desired testimony is in the hands of the government representatives, whose object it is to determine whether any of the railroads of the country are consolidated or combined in restraint of trade.

At today's hearing it was brought out and admitted that the Union Pacific Railroad company, the Southern Pacific company, the Oregon Short Line and the Oregon Railroad and Navigation company are practically under the same administration. Mr. Harriman, appearing as president of each company, with only slight variations in the list of other officers.

It was further shown that the Southern Pacific company owns the Pacific Mail Steamship company, that the Oregon Railroad and Navigation company owns the Alaska Steamship company. It was said that the Alaska company is in liquidation, but it still operates two steamers. On the Atlantic coast it was shown that the Southern Pacific owns the line of steamers, running between New York and New Orleans, formerly known as the Morgan line.

SAN PEDRO AGREEMENT.
The Union Pacific, by means of an agreement signed by Mr. Harriman and Senator William A. Clark, has a traffic arrangement with the San Pedro, Los Angeles and Salt Lake railway lasting 20 years. This agreement was entered into in 1903, and by its terms the San Pedro cannot raise or lower its rates without the consent of the Southern Pacific.

After placing in evidence as to the ownership of the so-called "Harriman lines," counsel for the Interstate Commerce commission then had Alexander Miller, secretary of the Harriman company, read from the minutes of many Union Pacific executive committee meetings, in which it was shown that Mr. Harriman reported various things he had done and the committee simply voted to ratify and confirm his actions. It was shown that Mr. Harriman was given authority to borrow money for the Union Pacific company without restriction.

LETTER TO GOULD.
There was read from the minutes a copy of Mr. Harriman's letter to George Gould acknowledging Mr. Gould's letter in which the latter told Mr. Harriman he had determined to support the construction of the Western Pacific railway. Mr. Harriman told Mr. Gould: "I would decline to qualify as a director of the Rio Grande Western, as he did not wish to be in any way responsible for the attitude of that company toward the Western Pacific."

SECY. MILLAR ON STAND.
The first witness sworn was Secy. Miller of the Union Pacific. He said in response to questions by Mr. Kellogg that he is also secretary of the Oregon Short Line and assistant secretary of the Oregon Railroad and Navigation company.

Secy. Miller said, "The four Pacific" occupied offices in the same building at 120 Broadway, New York. "The principal offices are the same, but some departments are separate."

The witness was called on to identify various documents which were offered in evidence, among these being proxy blanks showing that President Harriman, Vice President Cornish and one other voted the majority of the stock at the meeting of the Southern Pacific subsequent to that company's acquisition by the Union Pacific or Oregon Short Line.

Secy. Miller, by direction, read from the minutes of a meeting of the Union Pacific directors, the entry in which certain directors were named to be voted for at a forthcoming meeting of the stockholders of the Southern Pacific.

Asked to give him the name of the directors to be printed upon the proxy, he said he had no recollection of the names. "I don't think so," replied Mr. Miller.

Considerable time was here taken up in the production of transcripts of records of meetings of the Union Pacific company, which mostly had to do with the arrangement for the purchase of the Southern Pacific stock early in 1901.

The Chicago & Alton railway was drawn into the inquiry by the reading of an abstract from the record of proceedings of the executive committee of the Union Pacific. This showed that Sept. 29, 1904, President Harriman reported he had paid \$25,431 of the Chicago & Alton company, and this act was approved.

The executive committee of the Union Pacific authorized Mr. Harriman and three assistants to enter into a contract with W. B. Leeds of Chicago, Rock Island & Pacific railway, by which the stocks held in the Chicago & Alton by the Union Pacific and the Rock Island should be pooled and deposited with the Central Trust company of New York.

The purpose of the contract," said Mr. Kellogg, "was to maintain joint control of the Chicago & Alton; the Union Pacific to have control one year and the Rock Island the next year alternately. The Leeds party deposited 40,000 shares of preferred stock and 60,000 shares of common stock. The contract began Oct. 4, 1904, and had a full force at the present time."

How did the Union Pacific obtain the funds to buy this Chicago & Alton stock? Secy. Miller was asked. "I do not know unless it was out of the current assets,"



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THE UNION PACIFIC STILL OWNS THE STOCK.
Mr. Miller said he had served one year as secretary of the Chicago & Alton railway, during which time the other officers were practically the same as those of the Union Pacific.

SALT LAKE ROUTE.
Counsel for the commission introduced in evidence copies of stockholdings and rate agreements between the Union Pacific and the San Pedro, Los Angeles & Salt Lake railway, executed by E. H. Harriman and W. A. Clark as representatives of the two systems. Mr. Kellogg read from the traffic agreement, which had a life of 20 years, and in which the San Pedro company agreed to maintain the same rates as charged by the Southern Pacific company.

Commissioner Lane expressed surprise that the contract should be for such a long period.

Mr. Kellogg, "that the rates to be maintained are those of the Southern Pacific railway, which, so far as known, does not own a share of stock in the San Pedro company."

COMPTROLLER MAHL.
William Mahl, comptroller of the Harriman lines, was called upon before the lunch recess and asked some technical questions as to his various duties.

Mr. Mahl said the majority of the stock of the Pacific Mail Steamship company and the line between Galveston, New Orleans and New York is owned by the Southern Pacific company. "The Union Pacific railway has almost the same ownership in Mongolia," he said. "The Oregon Railroad & Navigation company owns no ships, but owns the Portland and Astoria Navigation company, with charter agreements," the witness said.

"What has become of the line of steamships that was operated between Portland, Or., and San Francisco?" the witness was asked.

"I read in the newspapers that the boats belonging to that line were sunk."

NOT COMPETING LINES.
Resolutions passed by the Union Pacific company to the effect that the Oregon Short Line and the Oregon Railroad & Navigation company were not competing and parallel lines were put in evidence, after they had been identified by Secy. Miller.

After the recess Mr. Mahl identified a statement showing purchases of railway stock by the Union Pacific and Oregon Short Line since July 1 last.

RAILWAY WRECK PURCHASES.
The statement showed that the Union Pacific had bought \$25,133,000 worth of stock of the Illinois Central railway out of a total issue of \$55,000,000, the Union Pacific's holdings being 29.35 per cent of the whole. The Union Pacific

also bought more than \$5,000,000 of St. Joseph & Grand Island common, first and second preferred stocks, these holdings amounting to 37.37 per cent of the whole capitalization of the line. The Oregon Short Line during the last six months bought \$32,000,000 of the common stock and \$7,000,000 of the preferred stock of the Baltimore & Ohio Railroad company, the two purchases representing 16.62 per cent of the road's capitalization. The Oregon Short Line also bought \$14,000,000 of New York Central and Hudson River Railroad company, or 7.87 per cent. Purchases also were made of large blocks of stock in the Atchafalaya, Topeka & Santa Fe amounting to 7.81 per cent of the total; of Chicago, Milwaukee & St. Paul amounting to 3.42 per cent of the whole, and of the Chicago & Northwestern amounting to 3.32 per cent of the whole.

Chairman Knapp asked for the exact date of the Illinois Central purchase, but Mr. Mahl could not give it. He said he thought some was bought in July and some in September or October. Mr. Knapp asked for the exact date of the \$25,000,000 of Illinois Central stock down on the statement as belonging to the Union Pacific. \$9,500,000 was really bought by the Railroad Securities company, the stock of which is held by the Union Pacific.

WHERE MONEY CAME FROM.
Mr. Mahl was asked where the Union Pacific got the money to buy the stocks related.

He said the report of June 30 last showed a surplus of \$11,000,000. "Where did the Oregon Short Line get the money to make its purchases?" "Current assets, I think."

"Did either the Union Pacific or the Oregon Short Line borrow money to make the purchases?" "No, I think not."

"Did the Oregon Short Line declare a dividend of 50 per cent of its stock held by the Union Pacific and thereby nearly wipe out its \$16,000,000 surplus?" "That was an accumulated dividend and the surplus was a surplus of operations, not a dividend."

The witness said the Union Pacific held stock in the Pacific Mail Steamship company.

He was asked whether Mr. Stubbs, director of traffic at Chicago for the Union Pacific railway, did not also act for the Southern Pacific, the Oregon Short Line and the Oregon Railroad & Navigation company, and he said he did.

MR. STUBBS' SALARY.
"How is his salary apportioned?" "His salary as well as that of the other representatives of the four companies is divided among the companies according to the gross receipts of the company."

"Who employed you?" "The chairman of the board."

"You mean Mr. Harriman, don't you?" "Yes."

"Your salary is apportioned?" "Yes."

"Who directed you as to the method of apportioning salaries?" "I don't just know."

"Did Mr. Harriman?" "I don't know that he did."

"Well, who directed you as to the division of other salaries?" "My impression is that it was done through Mr. Young, the general auditor."

Commissioner Lane wished to know whether there had been any resolutions of the board of directors authorizing the purchases of stocks shown in evidence.

Counsel for the commission said such resolutions had been passed and would be introduced.

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used at about \$1,500,000, and paid another \$1,500,000 in cash.

WAS HARRIMAN'S DEAL.
These facts were developed from the minutes of the executive committee of the Union Pacific, extracts from which were read by the witness at the request of counsel for the government. The deal, it appears, had been made by Mr. Harriman, and was simply ratified and confirmed by the committee.

Counsel then placed before the committee, by means of the minutes, the fact that the executive committee meeting consisted of the "ratification and confirmation" of previous acts of the chairman. At one of these acts, the chairman reported that, acting as president of the Oregon Short Line, he had bought the Baltimore & Ohio stock. His action was ratified and the purchase confirmed.

Chairman Harriman reported that he had contracted for the purchase of several of the officers of the "Four Pacific" in Chicago. His action was approved. Mr. Harriman reported that he had entered into an agreement with the Chicago & Northwestern on certain matters. This was confirmed, but the text of the agreement did not appear in the minutes.

Counsel for the government said that the Union Pacific said they would produce the agreement.

Mr. Harriman reported at another meeting that he had borrowed certain sums to make certain loans to various railroad companies. His action was confirmed, although what the loans were did not appear. Counsel promised to furnish the information.

"Do you see a resolution adopted at a meeting of the executive committee July 26, 1904, empowering Mr. Harriman to borrow money at his discretion for the use of the company?" asked Mr. Severance, of counsel to the commission.

"Yes, sir."

"Will you read it?"

"77" Humphreys' Seventy-Seven Cures Colds and GRIP

A new kind of Grip is prevalent. It is not the sneezing, coughing kind, but is just as bad if not worse than the heretofore familiar style of influenza. It starts with general weakness and chills in hands and feet, followed by a high fever. The temperature rises rapidly and the patient aches all over.

The outbreak of Grip has been widespread lately, last week's damp weather having helped it along. The doctors say that the new style of influenza, without coughing and sneezing, has been the common variety this season.—Exchange.

The use of "Seventy-seven" breaks up the Grip.

At Druggists, 25 cents or mailed. Humphreys' Homeo. Medicine Co., Cor. William and John Streets, New York.

three courageous women, who made their way over the avalanche at the risk of their lives and succeeded in bringing them to a point of safety. A train on the Vashon railway has been blocked by the mudslide, and the passengers are being taken to safety by the Vashon railway.

JAPANESE CHILDREN.
Their Right to Attend Public Schools To be Enforced by Government.

Washington, Jan. 4.—It was learned from trustworthy but unofficial sources that the department of justice will very soon file in the United States court of San Francisco a bill in equity asking the court to enforce the provisions of the existing treaty between the United States and Japan, which, in effect, it is asserted, guarantees to Japanese children the same rights in the public schools as the children of American parents. It will be insisted that in recent action of the San Francisco school board in segregating Japanese children in a separate school, the board is in violation of the treaty with Japan, to which the school authorities are amenable.

San Francisco, Jan. 4.—Deputy United States District Attorney, A. P. Black, has a telegram from Dist. Atty. Devlin, who is now in Washington, concurring with the attorney-general relative to beginning a suit to test the constitutionality of the state law providing for an oriental school, and requesting the following information:

First—When was the Oriental school first opened?

Second—Did Chinese pupils attend in 1905, and when did they first begin to attend?

Third—How many were in attendance in June, 1906?

Fourth—What were the following answers were given: The Oriental school was established in 1888. Chinese pupils began to attend in 1905, and just previous to the calamity the registration of Chinese pupils was about 325.

FROM THE ANTILLES.
Chamberlain's Cough Remedy Benefits a City Councilman at Kingston, Jamaica.

Mr. W. O'Reilly Fogarty, who is a member of the city council at Kingston, Jamaica, West Indies, writes as follows: "One bottle of Chamberlain's Cough Remedy had good effect on a cough that was giving me trouble and I think I should have been more quickly relieved if it had continued the remedy. That it was beneficial and quick in relieving me there is no doubt and I do not wish to obtain another bottle." For sale by all druggists.

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BOOKKEEPING SYSTEM.

"Have you any entry on the books that would show?" "I believe not; we merely have the cash transactions."

"You were recently comptroller of the Chicago & Alton?" "I believe so, sir."

Mr. Miller, secretary of the Harriman lines, was then recalled. He was asked to give the offices of the Pacific Mail Steamship company. He said E. H. Harriman was president and that, generally speaking, the officers were the same as those of the Union Pacific.

"The Southern Pacific controls the Pacific Mail, doesn't it?" "Yes."

Mr. Miller was asked to read the officers of the Portland and Asiatic Steamship company. They included Mr. Harriman as president and other Union Pacific officials.

"Does the Union Pacific control the Oriental and Occidental?" "It owns one-half the stock."

"Who owns the other half?" "Mostly individuals."

"Doesn't the Southern Pacific own a part of it?" "Yes."

"Then the Union Pacific and the Southern Pacific together control the company?" "Yes."

PURCHASE OF ILL. CENTRAL.
Mr. Miller was directed to read from the minutes of the Union Pacific directors' entry of July 19, 1905, relative to the purchase of the Illinois Central railway. At this meeting it appeared that Mr. Harriman stated he believed it would be greatly to the interest of the Union Pacific to have a connection with the Illinois Central, inasmuch as the Union Pacific Company, through the Gulf of Chicago. The declared value of the Illinois Central would be greatly enhanced by the Panama Canal. He further declared the real value of the Illinois Central was appreciated by those most active in its management.

These and many other legitimate reasons were given; the minutes went on, "as to why the purchase of stock should be made."

Mr. Harriman said he was the owner of some of the stock which he advised the Union Pacific to buy, and for that reason he could not act. The committee recommended the purchase of the stock, and it was done. A large block of the stock was obtained from the Chicago & Alton company, and some \$5,000,000 shares were bought along with the Railroad Securities company, which had this stock as its sole asset. The Railroad Securities company was owned by Mr. Harriman. The purchase of the stock was also a part owner of the Railroad Securities company. To purchase Mr. Fish's interest, the Union Pacific surrendered to him 8,700 shares of Illinois Central railroad stock, val-