

BANKS FORCED TO SUSPEND

Testimony Shows Use of Power by Clearing House Committee.

JONES TELLS OF HIS DOWNFALL

President of Oriental Bank Tells of the Fatal Order—Letter of Successor Tells of the Conditions.

NEW YORK, June 8.—Testimony intended to show the power of the New York clearing house committee was used to force a solvent bank to the wall during the aftermath of the panic of 1907, with the result that the "fair reputation" of its president was "blasted," was dramatically presented yesterday before the Pajo committee of the house of representatives which is investigating the money trust.

The testimony was elicited by Samuel Untermyer, special counsel of the committee, in his effort to demonstrate that the functions of the clearing house enable it to control the destiny of New York's financial institutions and should be subject to regulation by law.

The bank around which the testimony centered was the Oriental, organized in 1888, and one of the charter members of the clearing house association, but it was testified that three other banks, the Bank of North America and the New Amsterdam National bank, in both of which Charles W. Morse was interested, and the Merchants and Traders, were similarly compelled through the action of the clearing house to close, although all proved to have been solvent.

Their financial decline was the result, it was testified, of a demand made by the clearing house committee three months after the panic began, that they redeem their clearing house loan certificates, and in the case of the Oriental followed a promise that the association would stand by it "to the last ditch."

Mr. Untermyer had on the stand William Sherer, manager of the clearing house association; James G. Cannon, president of the Fourth National bank, who recently became a member of the clearing house committee; R. W. Jones, president of the Oriental at the time of the panic, and Erskine Hewitt and Charles A. Beekman, directors of the bank.

During the first rumblings of the panic in October, 1907, Mr. Jones was summoned before the clearing house committee, according to the testimony, and told that the Oriental must stop clearing for three nonmember banks, including two Brooklyn institutions which were under legal investigation. Mr. Jones said the withdrawal of the balances of these banks under the prevailing strained financial conditions would cause "serious trouble" to his institution, but the clearing house committee was obdurate. At his request the clearing house agreed to tide him over with a loan, after a clearing house committee had examined the bank's condition and found it "entirely satisfactory."

The Oriental then discontinued clearing for the Brooklyn banks, as the result of which both soon closed. It was testified, President Jones was then taken ill with pneumonia, and a report became current that he was to be indicted in connection with the investigation of the Brooklyn banks and was shamming illness. It turned out that he was only "winded" as a witness.

When on the stand, Mr. Jones was asked if the rumor about had caused a run on the bank, and the clearing house committee called before it. Mr. Hewitt and Mr. Beekman and demanded, according to Mr. Jones, that he resign and the late Hugh Kelly, also a director of the Oriental, be elected to succeed him.

This was consented to after a promise had been given to Kelly by A. Barton Hepburn, chairman of the clearing house committee, according to Hewitt's testimony, that the association "would stand behind the Oriental till the last ditch."

Kelly obtained a specific guaranty, Hewitt said, that the entire resources of the clearing house would be placed behind the Oriental.

As described in a letter Mr. Jones testified Mr. Kelly prepared but never sent to the stockholders of the Oriental, which was put in evidence, "a number of gentlemen of high place in financial affairs sat in judgment upon him (Mr. Jones), their fellow member, and concluded their de-

Nebraska Man Wins Honors at Harvard

With an exceptional record Harry O. Palmer of Louisville, Neb., graduated from the Harvard law school this month. His work there his first year ranked him among the first in his class of over 300. Because of this standing he was awarded a faculty scholarship, and was elected a member of the editorial board of the Harvard Law Review. This board consists of twenty-five men, selected from an enrollment of 800 because of high standing. In this work he has been associated with Charles E. Hughes, Jr., son of Mr. Justice Hughes of the United States supreme court, and Robert A. Taft, son of President Taft.

Mr. Palmer was born in 1886 at Louisville where his father, E. F. Palmer, was a pioneer merchant. He graduated from the Louisville High school in 1902, leading his class and winning a state scholarship. He assisted in his father's store until 1904, when he entered the Nebraska Wesleyan academy, completing six years' academy and college work in four years, taking his A. B. degree in 1908. Mr. Palmer excelled in modern languages, assisting in the departments of English, German and French. But his activities were not solely academic. In his junior year he was chosen president of the University Republican club. In his senior year he was chosen president of the Athletic association and general manager of the college weekly. He wrote the prize short story for "The Coyote," the college annual, and contributed in verse. Socially he was active as a member of the Orophilian and Phi Beta Sigma societies. He was a member of the Kosmos club of Nebraska, an organization for philosophical and sociological research. One summer vacation he spent



HARRY O. PALMER, A. B. LL. B.

liberations with the following sentence, viz.: "That the board of directors of the Oriental bank must meet at once, accept Mr. Jones' resignation of the presidency and elect another president in his place."

"Thus in a moment," the letter continued, "without excuse other than the statement without foundation in fact, that Mr. Jones was already either indicted or would be indicted that day, was a fair reputation blasted, and the work of a lifetime of energy, application and honest dealing destroyed. Mr. Jones, in obedience to the demand, resigned and Hugh Kelly was elected in his place. Mr. Kelly, who had returned from Europe only two days previously, sought a hearing before the gentlemen who had thus condemned Mr. Jones and demanded to know how far he could rely on the protection and aid of the clearing house if he accepted the presidency, and was told in unqualified terms that he and the bank would be protected to the end of the trouble."

"How the pledge given him at that time has been carried out is easily told by the bank's suspension two months later, on January 1, while in a condition of absolute solvency. Then, without previous warning or discussion of the subject with the officers of the Oriental, came the demand, publicly announced, for the redemption of the outstanding clearing house certificates before February 6. In previous periods of financial uneasiness certificates had been permitted to run for six months or more. In this instance the larger institutions had recovered their deposits and their equilibrium in a shorter term, and then the situation resolved itself into a case of the devil take the hindmost."

"The fatal blow had been struck at the Oriental and the run, both over the country and through the exchanges which followed, compelled the closing of its doors. Subsequent events prove the monstrous injustice that was done to it and to its president personally. The latter was made use of to satisfy a condition that threatened not merely the Oriental, but every clearing house bank in New York at the time. When that condition was past the engagements made with him were forgotten."

"Within ten days of the closing of the bank the depositors have been provided for and paid and its clearing house loan certificates retired, all by its own resources. Thus is its solvency proven." Mr. Untermyer then brought out testimony showing that at the time of its suspension the Oriental had collateral up with the clearing house for twice the liquidated assets twice the value of its capitalization, and that at the time its troubles began was paying 12 per cent dividends.

Just before the committee resumed its session today it was made known that it has been trying for the last few days to subpoena William Rockefeller. These efforts have not been successful, however. The committee seized at a report that he was somewhere in Canada or the Adirondacks.

Manager Sherer of the clearing house on the stand denied the assumption of Attorney Untermyer that the clearing house association and the railroads both are instruments of interstate commerce. "No one is obliged to join the clearing house," Mr. Sherer said, "but those who join have to live up to the rules."

Volcanic Ash Falls Thickly on Cordova; May Be New Crater

CORDOVA, Alaska, June 8.—Volcanic ash is falling thickly over this city, showing that the heavy cannonading heard in the mountains all last night was the noise of a volcanic eruption.

The time between the cannonading and the fall of the ashes here was so short that it is believed the volcano is the Redoubt or the Iliamna mountain in the Cook inlet country.

The cloud effect throughout this section of Alaska was unusual all day, dull clouds hanging low, with a southwest wind. The cannonading was first heard last night at 7 o'clock and concluded without interruption until after 3 o'clock this morning. The blasts were heavy and in quick succession.

The navy wireless station tried to communicate with the stations to the westward to get definite information of the atmosphere in the Cook inlet country, but the static condition of the atmosphere made it impossible to work with any of the Alaska stations.

The steamship Mariposa, which arrived today from Seattle, reported that it heard the eruption while between Cape St. Elias and Cape Hinchinbrook. The Mariposa's wireless was also out of commission because of the atmospheric conditions.

SEATTLE, Wash., June 8.—There was a great many extinct and smoking volcanoes in the mountains of southwestern Alaska, and geologists say the eruption reported at Cordova may be one that has sprung into existence.

Professor Henry Lindes of the department of geology at the University of Washington said the fact that the denotations were heard so plainly at Cordova would indicate that the volcano was not a great distance away, possibly on Kenai Peninsula.

Mount Pavlov, Mount Shishaldin and Mount Bogoslof, Alaska's most famous volcanoes, which are frequently in violent eruption, are on the Alaskan islands, more than 1,000 miles west of Cordova, and it would be impossible for the denotations to be heard in the Copper river country or for the ash to travel the distance in so short a time.

The seismograph at the University of Washington recorded four slight earthquake shocks between 2:41 yesterday afternoon and 10:25 this morning. The heaviest was at 11:03 last night (Cordova time). A report from Olympia said that two slight earthquakes were felt there yesterday afternoon.

GIFFORD OF CANTON NAMED GRAND ARMY COMMANDER

MITCHELL, S. D., June 8.—(Special Telegram.)—Delegates to the Grand Army of the Republic and the Women's Relief corps have been busy today in their sessions, one of the main features of which was the election of officers at the afternoon session. The following are officers of the Grand Army:

as foreman of a gang of Greek laborers on the Burlington railroad and two others as traveling treasurer with a western chauntiqua system. While at college he did miscellaneous writing for the newspapers and after graduation was associated for a year with a Lincoln daily.

Mr. Palmer entered the Harvard law school in the fall of 1900. He was elected to membership in the Blackstone Law club, the Harvard-Nebraska club, and the Harvard Masonic club. The last two years he has been active in settlement work with the Jewish, Italian and Irish quarters in the South End in Boston, and this summer will have charge of Camp Hale, a settlement camp on Squaw lake in New Hampshire. He has given his observations on settlement problems to the press in articles which have been widely copied and has done general correspondence for the Omaha Bee.

The nature of Mr. Palmer's work as a legal editor is illustrated by a comment made recently by the toastmaster at the annual dinner in New York City of the editors of the Columbia Law Review, a contemporary of the Harvard Law Review, wherein he referred to one of Mr. Palmer's editorial criticisms as exemplifying the attitude which law journals should take toward current decisions of the courts. Sullivan & Cromwell and other New York law firms have offered Mr. Palmer the opportunity of associating with them, but he contemplates settling in Omaha.

NEW COURT SHOWN ITS PLACE

Supreme Justices Uphold Jurisdiction of Commerce Commission.

ASSOCIATES SUSTAIN WHITE

Decision Handed Down that Commerce Must Not Substitute Its Own Judgment in Administration of Rate Laws.

WASHINGTON, June 8.—Blow after blow was given the new commerce court today by the supreme court of the United States, which upheld the exclusive jurisdiction of the Interstate Commerce commission over the administrative machinery of the federal rate laws.

The principal decision was announced by Chief Justice White in the "Proctor & Gamble case." He was sustained by the entire court. In substance he held that the commerce court was not to substitute its judgment for that of the Interstate Commerce commission in the administration of the rate laws. The specific point ruled upon was that parties who failed to get relief before the Interstate Commerce commission had no right to go into the commerce court and have that court pass upon the facts to ascertain if they should have been granted relief.

In the course of his opinion Chief Justice White, however, went further. He showed that the commerce court was not given "new and strange" powers, but succeeded to the powers of the circuit courts in existence when the commerce court was called and that the commerce court was limited to questions of law. In cases yet to be passed upon it is claimed that the commerce court went out of the domain of law and gave its judgment on pure questions of fact.

White Defines Issue. Chief Justice White stated the authority of decision to be whether the question of enforcing and restraining, as the case might be, affirmative orders of the commission or whether it had the power to exert its own judgment by original interpretation of the administrative features of the act to regulate commerce and upon that assumption to treat a refusal of the commission to grant relief as an affirmative order and accordingly pass upon its correctness.

Both from the words of the act creating the commerce court and from the general scheme of rate regulation, the chief justice said it was to be seen that the commerce court had no such broad powers as it claimed to possess. "It cannot be disputed," said Chief Justice White, "that the act creating the commerce court was intended to be but a part of an existing system for the regulation of interstate commerce and that the making of it a part of that existing machinery or method of regulation, but to cause it to be more efficient by providing a more harmonious means for securing the judicial enforcement of the act to regulate commerce."

The petition of the Southern Pacific company for annulment of an order of the commission fixing the rates on fir lumber and lath from the Willamette valley, Oregon, to San Francisco and bay points was dissolved by the court. Senator Poindexter today introduced a resolution to discharge the committee on commerce from further consideration of the bill to abolish the commerce court in order to bring the measure before the senate for a vote. No action on the resolution was taken.

Pool Room Ordinance Upheld. The right of a city to pass an ordinance prohibiting the running of a pool room within its limits was upheld today by the supreme court. The point arose over the alleged violation by J. L. Murphy of such an ordinance passed by South Pasadena, Cal.

KERN SPEAKS THREE HOURS UPON LORIMER RESOLUTION

WASHINGTON, June 8.—Senator Kern in support of the resolution to impeach Mr. Lorimer of Illinois, but again failed to conclude his remarks. The entire speech was devoted to an examination of the testimony, with the view of showing that many new facts of an incriminating nature had been brought out by the second investigation. He sought, among other things, to impeach the testimony of Edward Hines, attempting to show that he had been unduly active in Mr. Lorimer's behalf. He will continue tomorrow.

HILL RESIGNS CHAIRMANSHIP OF GREAT NORTHERN ROAD

TACOMA, Wash., June 8.—Louis W. Hill, who recently resigned as president of the Great Northern railway, said tonight he had received a telegram from his father, James J. Hill, saying that he had resigned as chairman of the board of directors of the Great Northern in favor of Louis W. Hill.

Union Outfitting Co. OMAHA S.E. COR. 16th & JACKSON STS. CONSOLIDATED WITH THE PEOPLES STORE. Your Credit is Good. Your credit is good. Your Credit is Good. 5 FREE! Another Widespread Distribution of Silver Spoons. Those possessing one of our exquisite FREE spoons may now have FIVE more FREE upon purchasing anything in our line to amount of \$5 or they may secure ELEVEN spoons FREE when purchasing \$10 worth or more. All Omaha is yet talking over the FREE distribution of SPOONS held here during the past week. THOUSANDS of men and women called to get a spoon FREE, as advertised; an exquisite "Narcissus" pattern, dull finish teaspoon; heavily silver plated and of famous make. Then phones commenced ringing; mail commenced piling in and our store became besieged with callers; all asking whether or not a COMPLETE set of the spoons could be secured some way. This led us to plan the above offer; giving everyone a chance to secure, ABSOLUTELY FREE, enough more silver teaspoons to COMPLETE a set. A Featured Range at a Real Featured Price. The "Union's" Special Gas Range at \$9.75 is just like this out, excepting that it has two burners in place of three. Clean, quick, odorless and a grade of gas range that always brings \$15.00. Buy them in this selling at, each, \$9.75 only. Not \$4 each, but \$1.85 for this charming Dining Chair. The chair shown here is made of solid oak, has box seat, is upholstered in genuine leather and would sell in the regular way at \$4 each. At this rate it won't cost much to renew your dining room in STYLE. Not \$20, but only \$12.75 for this dainty China Closet. Oak, quarter sawed, is the wood used in the makeup of this exquisite China Closet. Has full bent ends, double strength glass, is finished with the best care a capable workman can give it. A wonder at the price. Your Credit is Good. Your credit is good. Your Credit is Good.

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"For two years I suffered from my stomach and nervous trouble. My digestive organs were entirely out of order and all the money that I spent for relief was thrown away. I read about Duffy's Pure Malt Whiskey, tried it, taking four doses a day, and, like a miracle, within a very short time my ailments disappeared. My nerves are now quiet and my stomach can retain all food, and I am again in good condition. I recommend it to every sick person and will continue to do so."—Martin Wohlschies, Neshamery P. O., Bucks County, Pa.

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It is an absolutely pure distillation of clean, selected grain thoroughly milled. It is a predigested liquid food in the form of a medicinal whiskey; its palatability and freedom from injurious substances render it so that it can be retained by the most sensitive stomach.

By assisting digestion and assimilation, it enables you to get from the food you eat all the nourishment it contains. It builds up the nerve tissue, tones up the heart, gives power to the brain, strength and elasticity to the muscles and richness to the blood. For stomach troubles, nervousness, typhoid, malaria, diseases of the throat and lungs it is wonderfully effective.

Duffy's Pure Malt Whiskey is the only whiskey that was taxed by the Government as a medicine during the Spanish-American war. BE SURE YOU GET DUFFY'S and that the seal over the cork is intact. Sold in SEALED BOTTLES ONLY by druggists, grocers and dealers. \$1.00 large bottle. If your dealer cannot supply you, write us, and we will tell you where it can be bought. Our doctors will send you advice free, together with a valuable illustrated medical booklet. The Duffy Malt Whiskey Co., Rochester, N. Y.

Visitor is Much Impressed With the Omaha Parks

W. S. Gould, park commissioner of Oakland, Cal., visited the Omaha parks with Commissioner Hummel and Superintendent Adams yesterday afternoon and declared at the conclusion of the trip that Oakland, where every flower or shrub of a tropical climate can be grown, has nothing on Omaha as a city of beautiful and well-arranged parks.

"I think your commissioner ought to have more money," said Mr. Gould. "We appropriate \$42,000 in Oakland to maintain and improve 40 acres of park land. Here you have nearly three times that acreage and only appropriate one-third that amount."

Mr. Gould was especially pleased with the prospects at Carter lake. The boulevard, he said, were inferior to none he had seen. He believes that in time Omaha will have one of the finest systems of parks and boulevards in the United States.

Broken Coat Button is Clue to Burglary

FREMONT, Neb., June 8.—Half of a broken coat button furnishes the clue by which Holmes Karn has been charged with robbing the Northwestern depot at Wahoo last Saturday night. Karn and Charles Sampter broke into the Northwestern depot at Nickerson yesterday and were caught before they had stolen anything. Burglars secured all the money in the depot cash drawer at Wahoo Saturday by a similar robbery.

Today Sheriff Dally of Saunders county arrived here, bringing half a coat button which one of the burglars broke off in getting through the depot window. The other half was on Karn's coat.

Diplomas for Naval Academy Graduates

ANNAPOLIS, Md., June 8.—After a brief address and the presentation of diplomas to members of the graduating class by President Taft this afternoon, the festivities of "June week" were brought to a close at the naval academy tonight with the farewell ball given by the members of next year's graduating class to those who today officially severed their connection with the institution.

Table with columns: Port, Arrived, Sailed. Lists various ports and dates.