

**WESTINGHOUSE CRISIS.**

Continued from first page.  
 prepared to take immediate action to protect the interests of the city and no alarm need be felt.

Paul D. Cravath, of New York, attorney for the Westinghouse interests, formerly attorney for J. P. Morgan, who came to Pittsburgh to-day in the interest of the Westinghouse Company, said:

I know the situation of the Westinghouse Electric and Manufacturing Company and I have not the slightest doubt that, whatever happens, the creditors of every class will be paid in full. Patience and forbearance on the part of the creditors will insure the early restoration of the property to the stockholders.

**NO OTHER FINANCIAL WEAKNESS.**  
 H. C. McEldowney, president of the Union Trust Company, one of the strongest financial institutions in the country, said to-night regarding the situation:

I absolutely know of no other weakness of any kind in Pittsburgh, outside of the Westinghouse interests, and one other small company. Otherwise the financial situation, we believe, is absolutely sound. The Westinghouse interests were doing a large part of their business in New York, and therefore their trouble is traceable more or less to the New York situation. As a mere precautionary measure, the Secretary of the Treasury has agreed to place funds with the various depositaries of Pittsburgh.

The most prominent and conservative Pittsburgh bankers agree with Mr. McEldowney that beyond the Westinghouse receiverships there is no trouble in Pittsburgh, and that had this not occurred Pittsburgh would not have been affected by the New York disturbance. They do not look for further trouble, but during numerous meetings to-day they made every preparation to handle the situation so that serious results will not follow.

It is insisted that the Westinghouse receiverships are really not Pittsburgh failures, as practically all of the debts are held in other parts of the country, and that, so far as Pittsburgh is concerned, it will not be seriously affected. The receiverships will permit the continued operation of the great plants, where eighteen thousand men and women are now employed. The concerns employ about thirty thousand when working to full capacity.

**CAUSE OF THE TROUBLE.**  
 The primary cause of the receiverships was the aggressive policy of Mr. Westinghouse in trying to provide manufacturing capacity to meet the wonderful buying demand of this and other countries. The business of the electric and machine companies has grown heavily in the last ten years, and in no one year in that time have the companies failed to erect large plants to take care of increased orders. Buildings which cost more than \$1,000,000. All this addition to capacity has been continued without close attention to the financial situation, and the tight money market of the last few months has prevented the companies from obtaining such loans as their increasing business demanded.

Obligations incurred months ago for new buildings and improvements have been coming due the last few weeks, and on Saturday it was realized that radical action would be necessary to preserve the properties for the stockholders. Affairs were placed in the hands of Judge James H. Reed, and the arrangements for the receiverships were made by him. The receivers took charge to-day, as disinterested bankers, to restore the situation to its normal condition.

The quick assets of the Westinghouse Electric and Manufacturing Company are given out by banking interests as \$2,000,000, and accounts and bills payable as \$13,000,000. The Securities Investment Company has \$3,000,000 capital and a surplus in excess of \$5,000,000. It is owned by

Mr. Westinghouse personally. The Nerns Lamp Company has \$1,000,000 capital, and its stock is owned entirely by the Westinghouse Machine Company. The Westinghouse Machine Company has \$5,000,000 capital and \$7,500,000 surplus. The Westinghouse Electric and Manufacturing Company has \$3,398,700 first preferred and \$20,996,350 second preferred stock.

The statement of the Westinghouse Electric Company for the six months ended September 30 showed a surplus equal to 7 per cent, or at the rate of 15 per cent a year. The Westinghouse company denies the report that it was fined \$500,000 by the Russian government.

**MONEY STRINGENCY OVERLOOKED.**  
 Rumors were current here to-day that George Westinghouse personally was practically insolvent. This was vehemently denied as the most absurd of the many rumors that are prevalent. Mr. Westinghouse has a reputation of being a remarkable inventor, and as a man who has exploited hundreds of other people's inventions. It is asserted on all sides that he has become so imbued with the increasing demand for the electrification of manufacturing industries that he did not pay sufficient heed to financial conditions.

While Mr. Westinghouse had been warned to slacken his speed in enlarging his operations, he forced ahead, evidently under the impression that all he had to do was to light the magic lamp and gold would flow at his command in an endless stream. On a previous occasion when he undertook to remove his plants from Pittsburgh to East Pittsburgh, and began the erection of the plants which have since become the largest in the world, he was brought up short by bankers. The Lincoln National Bank at that time stood by him, and he pulled through.

Despite the existing stringency, he has planned new buildings to consolidate the various small concerns scattered over the country, on the main line of the Pennsylvania Railroad. These plans will probably be halted by the receivers, as will other plans for extensions. The working force is to be reduced to the persons who are absolutely necessary to operate the plants. Like all large corporations, much deadwood has gathered on the payrolls. All these pensioners will be dropped.

One of the accepted causes for the failure is the fact that the Westinghouse company accepted orders beyond the capacity of its works, and all sorts of prices were paid for their fulfillment, so as to save the credit of the corporation in the working world.

**FEUD WITH ALLIS-CHALMERS.**  
 The electric and machine companies became involved in a feud with the Allis-Chalmers Company, of Milwaukee. The Westinghouse Machine Company at one time confined its operations to gas engines. When it began building blowing engines it went into direct competition with the Allis-Chalmers Company. That concern retaliated by beginning the erection of shops to build electrical machinery and to compete with the Westinghouse Electric and Manufacturing Company. Prices were cut and credits extended which under ordinary conditions would not have been done. The Westinghouse Company retaliated, and there were serious allegations on both sides.

Both concerns vied with each other in obtaining high priced men. They also underbid each other on contracts, until finally a close alliance was formed and prices were raised rapidly, having been advanced from 50 to 40 per cent in the last two years.

Mr. Westinghouse got into another row with the Allis-Chalmers company when he purchased the Parsons steam turbine patents in England. All of these fights have caused much litigation, some of which is still pending, and it has cost the Westinghouse interests vast sums of money.

While the General Electric Company, with its operations at Schenectady, N. Y., and the

Westinghouse Electric and Manufacturing Company have for several years worked under an agreement that there should be no patent litigation, there was no agreement relative to other business relations. The rivalry to obtain business has been unprecedented. The Westinghouse interests would not allow a contract to get past them, hence they erected enlarged plants to accommodate their business, depending, it is asserted, on the sale of additional stock to pay for the extension.

**MONEY MARKET BLAMED.**

*Opinion in New York on Troubles of Westinghouse Concerns.*

The news received from Pittsburgh yesterday morning that the Stock Exchange in that city had decided to suspend operations, following the difficulties encountered by several of the Westinghouse companies in obtaining necessary loans to meet maturing notes, while it added to the general feeling of uncertainty, did not create great surprise in well informed quarters. The effect of the actual appointment of receivers for the Westinghouse Electric and Manufacturing Company, the Westinghouse Machine Company and the Securities Investment Company yesterday afternoon had been largely discounted by the earlier forecast of such action.

At the offices of the Westinghouse companies, at No. 111 Broadway, none of the more prominent officials or directors of the company were to be seen, and it was said that no information beyond that contained in the dispatches from Pittsburgh had been received. Charles E. Hill, counsel for the Westinghouse interests, gave out a statement in which he expressed no surprise at the reports that the companies were in financial straits.

"It is not because of any overproduction in electric appliances," said Mr. Hill, "but the present situation has been created by the stringency in the money market. In a word, the companies involved are in flourishing condition, so far as the orders ahead are concerned, but it has been simply impossible to get the money, which is absolutely needed to turn out these orders. The companies involved in difficulties, according to the Pittsburgh dispatches, carry on their books the stocks of gas and electric companies, as well as other corporations they sell to, as collateral for the loans at the purchase. Failure to realize on these loans at the present time is responsible for the condition of our companies."

Mr. Hill was emphatic in his assertion that the appointment of receivers would in no wise affect the operation of the Westinghouse plants. He declared there would be no shutting down of the plants, and that they had plenty of orders on hand.

**COMPANIES IN GOOD SHAPE.**  
 Mr. Hill's statement as to the extent of the business being done by the Westinghouse companies was confirmed by a member of one of the leading banking firms in Wall Street.

"There is no question," said the banker, "that the Westinghouse interests are, at bottom, in good shape. All of the companies have been doing a large business, and there is no cause to worry about their resuming operations in time. The present crisis has not been unlooked for, however. There is no question whatever as to Mr. Westinghouse's ability in his own field of mechanical invention, but to-day's happenings in Pittsburgh have only been hastened by conditions in New York."

The plight of the Westinghouse companies might possibly have been avoided had the frequently proffered advice of friendly financial interests conversant with the operations of the companies been acted upon. Ever since the receivership has been felt that the danger mark in widening their activities to a point beyond where they could immediately command the large advances of ready capital needed to operate the plants."

The immediate cause of the failure of the Westinghouse companies and the consequent closing of the Pittsburgh Stock Exchange was said in Wall Street yesterday to be due to the failure of the company to secure extensions of time on between \$4,000,000 and \$5,000,000 of short time loans. No confirmation of this report could be obtained at the local offices of the company nor from Clayton Ives, who is chairman of the board of directors. Discussing the outlook to-day, "The Iron Age" will say:

The suspension of three of the group of Westing-

house interests is not reassuring, but it must be observed that the iron and metal industries have passed through a period of great prosperity and are stronger than they ever were in the history of this country. Extensions and enlargements have been conservatively made, with ample funds provided. In a few conspicuous instances, however, construction was suspended some time since.

**THE BOARD OF DIRECTORS.**  
 George Westinghouse is president of the Westinghouse Electric and Manufacturing Company. The other directors are: Braxton Ives, chairman; Anthony N. Brady, G. W. Hobard, E. W. Herr, H. H. Westinghouse, George C. Smith, F. H. Taylor, T. W. Simon, W. D. Upton, and N. W. Burnstead.

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Early last spring the Westinghouse Electric and Manufacturing Company found difficulty in obtaining the funds requisite for the operation of its plants. To meet the situation an attempt was made to float a new stock issue of \$5,000,000 at the real valuation of the stock, but when the time for subscription expired, on June 3 last, hardly a third of the issue had been disposed of. Since that time the company has found it increasingly difficult to raise ready capital.

**TRUST COMPANY CLOSED.**  
*Acting Banking Superintendent Takes Charge of Knickerbocker.*

The doors of the Knickerbocker Trust Company were not opened for business yesterday morning, and as a result George I. Skinner, acting State Superintendent of Banking, took charge at the main office, at No. 65 Broadway, and at the three uptown branches. Attorney General Jackson took no action yesterday toward appointing a receiver, but will probably do so to-day.

"I will follow and investigate closely," he said, "and if I find that bank and trust company officials have left themselves open to any unfair or unjust office will not be slow to act, but I cannot say anything definite in regard to that until a full investigation has been made and the facts definitely ascertained."

Asked whether he would appoint a receiver for the company to-day, Attorney General Jackson replied: "I think it best to give the company a fair chance to handle its own affairs. It would be unwise to act overhastily. Such action on my part might precipitate further disaster."

Mr. Skinner sealed up all the assets of the company at its main office and three branches when he took charge. He stated that this was practically all that he had the power to do pending the action of the State Superintendent in applying to the courts for a receiver. Payments of loans to the amount of \$25,000 were made at the offices during the day.

Dollar Savings Bank. Most of its depositors are foreigners. Some one saw the crowd waiting for the Knickerbocker branch to open, and that was enough. There was a bigger crowd waiting to get in the savings bank in an hour than there was waiting for the trust company to open. When the savings bank opened everybody was paid off as quickly as possible, but as their deposits were all small only \$3,000 had been paid out by noon.

When the trust company did not open the women, who predominated in the crowd, began to scream and yell. Everything was in disorder, but the police finally got the people into line. The larger part of the crowd was composed of Jewish women and shopkeepers, who grew hysterical as the doors remained closed. Early in the afternoon the police tried to persuade the depositors to go home, but they refused to listen. Until long after banking hours scores stood around gazing dumbly at the closed doors.

It was not until about 7 o'clock that the depositors began to assemble at the branch at 12th street and Lenox avenue. After the line had been formed, it was seen that most of those standing along the sidewalk were messenger boys hired to keep a place for some depositor. Perhaps three hundred persons were in the straggling line, when S. A. Safford, a state bank examiner, arrived. He had some trouble getting in, but finally won entrance through the basement. The appearance of the notice posted at 10 o'clock that the branch would not open about five hundred were waiting. The line broke up and crowded around the door. Some went away at once, while the others hung around sorrowfully.

About three hundred worried ones gathered at an early hour in front of the downtown branch of the trust company. The line by 9 o'clock was growing by leaps and bounds, and the promise was given by a great surging throng before another hour had passed. Joseph S. Auerbach, counsel for the trust company, entered the office at 9:15 o'clock. He had come, it was intimated, to attend the meeting of directors, which it was announced last night was slated for this morning.

Several other men, who hurriedly entered the trust company's offices about the same hour, lent color to the impression that such a meeting was about to be held.

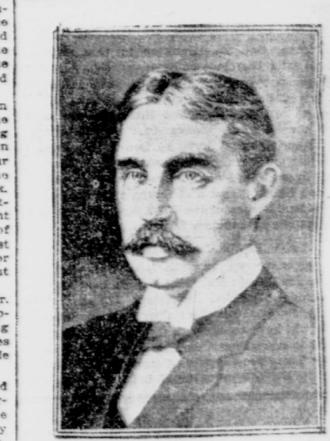
"There is nothing new in the situation," said Mr. Auerbach, "there have been no important developments over night, and we are hopeful of being able to reopen our doors here and at all branches this morning. We may issue a statement a little later, but that is not at all positive."

Justice McCall, in the Supreme Court, has issued an order directing several officials of the Knickerbocker Trust Company to appear before a referee to-morrow in the suit brought by the company against Mrs. Henrietta C. Schroeder, a Fifth avenue madame, wherein the latter charges conspiracy and attempt to defraud on the part of the trust company.

The Knickerbocker is now the owner of record of the greater part of the westerly block front in Seventh avenue, between 49th and 50th streets. The size of the parcel is 138.10 feet by irregular. A reinforced concrete garage was recently built at the south end of the premises. The trust company got title to the property yesterday. As the market value of the premises is about \$60,000, the assets of the company appear to have been increased by about \$30,000. The property carries a mortgage of \$30,000. According to the deeds recorded yesterday James R. Hay, who usually represents Charles T. Barney in his real estate deals, transferred title to the premises to Mr. Barney, who in turn retransferred title to Charles L. Horton. Mr. Horton then transferred the title to the trust company. The consideration in each case was nominal. Why the trust company got control of the property could not be learned last night.

**OAKLEIGH THORNE'S MANY INTERESTS**  
*Early Recognized as a Successful Business Organizer and Manager.*

Oakleigh Thorne is forty-one years old and has had a remarkable career as an organizer of financial institutions for so young a man. He inherited a comfortable fortune from his father, the late Edwin Thomas Thorne, of New Hamburg, Dutchess County, N. Y., and early began to take measures to increase it. One of his first ventures was to consolidate a large number of brick making concerns along the Hudson River. His enterprise attracted attention in the industrial world and larger capitalists were glad to avail themselves of his services. He became president of the National Switch and Signal Company, of Easton, Penn., and when that company was absorbed by the Union Switch and Signal Company, a Westinghouse concern, he was made vice-president of that corporation.



OAKLEIGH THORNE, President of the Trust Company of America. (Copyright, 1907, by Fina MacDonald.)

Mr. Thorne succeeded to the presidency in a few months, and early in 1903 the new concern effected a merger with the North American Trust Company. Mr. Thorne became vice-president, and soon after succeeding the late Alvin Townbridge as president.

Negotiations for the merger of the North American Trust Company and the Trust Company of America were begun in 1903, but were finally completed in 1905, including a merger with the French-American Bank. He is a director of the Colonial Safe Deposit Company, the City Trust Company, the Tennessee Coal and Iron Company, the Publishers' Paper Company, the United Gas and Electric Company, the United Zinc and Chemical Company, the Westfield Trust Company, of Westfield, N. J. He is a director of the Bank of Millbrook, at Millbrook, N. Y., and a member of the American Advisory board of directors of the French-American Bank. He is a director of the Colonial Safe Deposit Company, director of the Battery Place Realty Company, the Century Realty Company, vice-president and director of the Forty-fourth Street and Fifth Avenue Building Corporation, president and director of the Lands Purchase Company, director of the New York Mortgage and Security Company, president and director of the United States Land Company, director of the United States Realty and Improvement Company, president and director of the Broadway Securities Company, of the Empire Investment Company and of the Millbrook Company. He is a director of the Norfolk and Southern Railway Company, the New York, Westchester & Boston Railway Company, the Tennessee Coal and Iron Company, the Publishers' Paper Company, the United Gas and Electric Company and the United Zinc and Chemical Company.

Mr. Thorne married, in 1880, Miss Helen S. Stafford, of St. Louis, and their New York home is at No. 229 Madison avenue. They have two young daughters, Charlotte Pearsall and Margaret Helen Thorne. Mr. Thorne is a member of the Union, Metropolitan, Brook, Racquet and Tennis, Anshley, Jekyll Island, Westminster Kennel, Riding, South Side and Turf and Field clubs. His country place, Thornedale, is near Millbrook, Dutchess County.

**About Brain--**

**Ever Think About Feeding It?**

The average man may give some little attention to food to build muscle and NEVER GIVE HIS THINKER A THOUGHT.

Brain wastes away daily (exactly like muscle) and must be rebuilt daily by food —THE ONLY WAY

**Else Brain Fag and Nervous Prostration Set In**

The things which Nature selects to make Nerve and Brain matter are Water, Albumen and Phosphate of Potash. The last two are found in

**Grape-Nuts**

Not put there from the drug store but put in the grains by old Mother Nature. A 10 days' trial of this scientific food will show in renewed vigor and energy in the brain—clearer thinking powers—better memory—sharp, snappy ideas. These are the reasons why

**You Can Do Things On a Grape-Nuts Diet**

The chance to give Grape-Nuts a fair trial is denied to none, for the weakest stomach can handle this food without trouble or effort. It is toothsome and delicious and is fully cooked at factory so it is ready for immediate service with rich cream or in a great variety of dishes described in the recipe book in each package. See also the little book, "The Road to Wellville," in pkgs.

**"There's a Reason"**

**Don't Lie**  
 awake at night from coffee.  
 Use **POSTUM**  
 and get good, sound sleep.  
**"There's a Reason"**