

DISCOVER FLAWS IN MELLE'S MEMORY

Interstate Commerce Commission Compares It with N. H. Records.

WITNESS PRESENT AT W., N. & R. DEAL

Minutes Show It Preceded His "Jerusalem" Conversation with the Late J. P. Morgan.

[From The Tribune Bureau.]

Washington, May 27.—Further discrepancies in the testimony of Charles S. Mellen at the New Haven investigation and certain records now in possession of the Interstate Commerce Commission were brought to light today.

Mr. Mellen testified that he knew nothing about the proposed purchase of the Worcester, Nashua & Rochester Railroad by the Boston & Maine until Mr. Morgan called him on the telephone and told him that he had bought the 16,534 shares, a majority interest, held by the Mutual Life Insurance Company of New York, at a price of 160 or 165. He declared he had been astounded at the price and had exclaimed "Jerusalem!" when Mr. Morgan told him what he had paid for this majority stock.

Later Mr. Folk produced a letter written by Mr. Mellen to L. N. Tuttle, president of the Boston & Maine, in which the purchase of the W., N. & R. road was discussed. After reading this, Mr. Mellen said he was in error when he testified and that his memory had been refreshed. This letter was written some time before this telephone conversation with Mr. Morgan.

Mr. Mellen's memory might have been still further refreshed, it is believed, if Mr. Folk had shown to him a copy of the minutes of the special committee of the New Haven Railroad, appointed for the express purpose of purchasing the road for the Boston & Maine. Mellen, as president, was an ex-officio member of the committee and, according to the minutes of a meeting on January 23, 1910, it was voted to purchase the Mutual Life holdings at 160 per share. This meeting occurred about ten days before the Tuttle letter was written and also some time before the telephone conversation Mr. Mellen testified he had with Mr. Morgan.

Mr. Mellen was present at this meeting, the records show. Other records in possession of the Interstate Commerce Commission show that another large block of the stock of the W., N. & R. was purchased at 160.

It apparently was the intention to get at least two-thirds of the stock, so that the company could be merged with the

New Haven, in compliance with the laws of Massachusetts. To do this it was necessary to fix a price for outstanding stock, and, according to the report of the Railroad Commission of Massachusetts for the year 1911, the Boston & Maine owned all but 210 shares. The price fixed for its redemption was 150. The Interstate Commerce Commission also has records showing that at a meeting of the directors of the New England Navigation Company in April, 1911, the purchase of some 2,500 shares of Worcester, Nashua & Rochester stock was ordered at a price of 150. This sale was carried on through directors, who borrowed the money from the navigation company. The dividends on the stock were charged to the interest on the money borrowed.

Mr. Folk's return from New York is awaited with interest, as there is a general feeling that no further witnesses will be called in the New Haven investigation. The insistence of Commissioner McChord that Lewis Cass Ledyard sign a waiver of immunity before going on the witness stand is thought to be part of the general plan of Mr. Folk and Commissioner McChord to ask every present and former director of the New Haven subpoenaed to go through the same procedure. The quickness with which Mr. Ledyard signified his willingness to waive all immunity and his demand that he be placed on the stand as quickly as possible has changed the complexion of things entirely.

From sources other than the Department of Justice it was learned today that the Attorney General is holding the possibility of criminal prosecution over the heads of certain New Haven directors to force a successful conclusion to the dissolution proceedings he has begun. These hinge entirely upon the action of the Massachusetts Legislature in amending the charter of the Boston Railroad Holding Company so that it can dispose of its Boston & Maine stock. The former company, which is controlled by the New Haven, cannot under its present charter dispose of its holdings in the Boston & Maine.

Once the success of the dissolution proceedings is assured it will be up to the Attorney General to make good his assertion that he will prosecute those believed to be responsible for the New Haven's financial condition at the present time. According to well informed persons in the Department of Justice, it is the Attorney General's intention to lay the whole New Haven question before the federal grand jury in New York in the latter part of June if the dissolution proceedings are then out of the way.

TO SEE MORGAN'S N. H. BOOKS ONLY

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while the firm of J. P. Morgan & Co. and Mr. Morgan as an individual, were

willing to extend every facility to Mr. Folk and his assistants they would not permit him or anybody else to browse at will through their books.

This conference lasted for some time, and at its conclusion Mr. Stetson went downtown to confer with his clients and Mr. Folk announced to the reporters that unless he was allowed his way the examination would not proceed.

Says Firm Consented.

"If the reply is favorable," he said, "and permits the special examiners to be judges of just what papers and books they should have access to, the examination will proceed at once. If they begin the work and permission is then refused them to examine papers they think pertinent they will at once withdraw."

Later in the afternoon Mr. Folk said that he had received word from Mr. Stetson over the telephone that the firm had decided to comply with the request of the investigators.

"The firm," said he, "has agreed to permit the examiners to go through all the books, papers and documents in its possession relative to the New Haven and its subsidiaries, and it was further agreed to throw open all the accounts appearing on the books of persons who have dealt directly or indirectly in New Haven securities or securities of its subsidiary companies."

"In brief, the banking firm granted the examiners the right to inspect not only all of the firm's transactions with the New Haven and its subsidiaries but to delve into the transactions of any outsiders which may have taken place through the firm bearing on the New Haven situation."

"Who will decide what is New Haven business?" a Tribune reporter asked.

"The investigation will be thorough," replied the solicitor.

Skinner Corroborates Mellen.

While waiting to hear from Mr. Stetson as to how far he would be allowed to go, Mr. Folk sent word to George F. Baker, A. Heaton Robertson, William McHarg, Lawrence Minot and William Skinner, directors of the New Haven, that he would like to see them if they cared to discuss the New Haven matters, which they had previously been subpoenaed to testify on in Washington. The conference with Mr. Skinner was the only one that Mr. Folk would discuss.

Mr. Skinner, whom Mellen quoted as using strange oaths when he learned \$11,000,000 had been expended upon the Westchester deal, confirmed everything Mellen had testified to as to his part in the transactions, according to Mr. Folk. Mellen, it will be remembered, said Skinner and others went to him after a board meeting of the New Haven, and asked for light on the Westchester matter, and were referred to the late Mr. Morgan, each refusing to ask the banker the questions they had asked the head of the company.

Twenty Thousand Accounts on Books.

On the books of the firm it is said there are twenty thousand accounts, of which but a very few relate directly or otherwise to New Haven affairs as such, though there are hundreds of clients of the firm who have bought and sold and who now possess New Haven and Boston & Maine stocks. The accounts of these individuals and institutions in no way connected with the management of the New Haven will not be invaded, as Wall Street understands it.

For that matter there is the best of authority for saying that there is nothing in the Morgan books not fully covered in the statement issued by that house in March last, showing in detail the business it had done for New Haven.

SPURNS RICHES FOR HUSBAND

Continued from page 1

had expected that turn. Mrs. Ingersoll interrupted.

"I am going to wait up until midnight," she said, "for Naomi to return. Mr. Ingersoll will wait up with me. Mr. Ingersoll and I took her into town today and left her at the home of the Misses Bissell, 447 West End av."

Mr. Ingersoll and I last night had worried more than on Monday night about her. We had spent two years wholly in her interest. We knew she had ability; she can sing and play, and we had not only placed her under the instruction of Walter Damrosch, but we had engaged other tutors and—

"And then this cowardly shrimp," Mr. Ingersoll broke in.

"And then," Mrs. Ingersoll went on, "we were going to take her abroad to complete her musical education. But this has come as such a shock. I called on her this morning and asked her to reconsider. If this man Liberty had been a decent sort of person we could have admitted him into the family, but he was not. That girl had refused five fine young men in the last two years."

"One young man in particular, an estimable young man of Vermont, was perfectly acceptable to us. We thought they were agreeable to each other. From what she told us we were sure they were in love with each other. He saw her as recently as four weeks ago in our New York home, the Aphorpe, and we had no reason to believe that she was considering any one else. I do not think the young man knows yet what has happened."

"I told my niece this morning that she was making an awful mistake; that she was young, had talent and that to unite herself with a man of Liberty's standard meant the finish of her career, not to say her happiness, as happiness works out."

"I told her of what she meant to us. She was to us as our own child. We had no children, and to us she was a daughter. I told her we would take her abroad—not that she had to give Liberty up for good, only temporarily—and that she could remain abroad as long as she wanted. For her material wants we would look out unstintingly and she could indulge in luxuries to her heart's desire."

"What can this man Liberty give her?" interrupted Mr. Ingersoll. "That coward!"

"She's in love with him," the reporter said.

Sudden Freak of Love.

"Yes," Mrs. Ingersoll said. "But she was in love with the young man from Vermont. She didn't, she couldn't have decided on this move until the first of

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the month. That was shown by her actions after seeing the Vermont young man. Anyway, after I had told her of what we would do for her she refused to accept anything from us. I then told her of what her prospects were. Liberty, whom we had dismissed, had nothing definite in view and no money. She could rely only on what her parents in St. Maries, Idaho, sent her, whereas we could give her everything.

"She refused. I told her then that if she went away with this man, if she actually became his wife, we were through with her; that she would never gain recognition from us; that she could never enter her house. Then I told her I'd wait until midnight for her answer. She could come here—I think she'll come—or telephone. I don't believe she's really gone away with him. She was such a part of our family."

Mrs. Ingersoll stopped and looked at her husband. He caught her glance and turned to the reporter.

"Please change the subject," he said. "I understand Colonel Roosevelt came back from Washington. Did he say anything this evening?"

"I think she'll come back to-night," Mrs. Ingersoll said.

"You see, they were married by an Episcopal clergyman, the Rev. John E. Speen, Assenon Church, 233 West 43d st. I didn't see the marriage certificate, and as Liberty is a Catholic he didn't want to take her home with him until the marriage had been blessed. He could not arrange a Catholic ceremony on such short notice."

"Do you know what I think of Liberty?" asked Mr. Ingersoll. "I used to think he was a decent, young man, but I learned a great deal later. He is a Broadway chauffeur."

SITS BY WOMAN; GETS A BEATING

Student Takes Vacant Chair at Table and Her Husband Chastises Him.

As they motored home from a theatre last night Mr. and Mrs. J. B. Holmes, with their daughter and son-in-law, Mr. and Mrs. Morris Volk, pulled up at an ice cream parlor at Broadway and 110th st. Mrs. Volk sat at an unoccupied table, while soda was taken out to Mrs. Holmes.

Joseph Rosenwig, of 205 Prospect av., The Bronx, a student at the City College, entered with Miss Bella Gottlieb, of 110 West 118th st., and took chairs at the table at which Mrs. Volk was sitting. Rosenwig afterwards said he did not hear Mrs. Volk say the table was engaged. Mrs. Volk complained to her husband.

Volk, a real estate broker, living at 157 East 81st st., and almost twice the weight of the college boy, called Rosenwig unseemly names, landed him a heavy blow on the eye and followed with eleven others. Rosenwig was badly in need of a surgeon when Patrolman Powell pulled Volk away and arrested him.

After Rosenwig had been patched up the entire party motored to the Night court. Several automobiles followed with witnesses. Magistrate Simms held Volk in \$500 bail for Special Sessions on charges of disorderly conduct and assault. Moved by the women's pleas that Volk be fined to save him from a cell, Magistrate Simms on learning that Mr. Holmes was a lawyer, with offices at 22 Liberty st., paroled Volk in his custody to appear at Sessions.

THIS "MACHINE" NOT IN JOHNSON'S LINE

Maltbie Lodges Protest When McCall's Lieutenant Gets Fat Public Service Job.

As had been predicted, Joseph Johnson got a job from the Public Service Commission yesterday. Johnson, who was the campaign manager for Chairman McCall when he ran for Mayor last fall, has been out of a job since then.

Johnson was made chief of the Transit Inspection Bureau, at a salary of \$7,500 a year. The vote was 3 to 2. Commissioner Williams, of Brooklyn, made the motion. It was supported by Chairman McCall and Commissioner Cram.

Commissioners Maltbie and Eustis voted in the negative.

"I wish to have it recorded," said Commissioner Maltbie, "that the first head of this bureau was a practical street railroad man. He was succeeded by Mr. Connett, who had spent practically his whole life in the street railway business. Whatever may be the qualification of Mr. Johnson for handling other machines, I do not think he is qualified to handle this bureau."

Commissioner Williams, having assisted in rewarding the political manager of Chairman McCall, naturally thought the Kings County organization ought to get something. So he moved that James A. McQuade, the Democratic leader of the 15th Assembly District in Kings, be made an inspector, at \$4,000 a year. Commissioner Maltbie made a vigorous protest and Commissioner Cram suggested that action be laid over for a time.

In executive session the commission discussed the Ward & Gow advertising contract for two hours. They took no action at the regular session, however, which was adjourned until this noon. Robert Colgate Wood will not take his oath of office to succeed Commissioner Eustis until this matter has been disposed of.

THROWS LIGHT ON 'DUMMY' SHIP DEAL

Banker Testifies in Action Brought by C. W. Morse's Sister for Receiver.

MONEY UNLAWFULLY WITHHELD IS CHARGE


"Paper" Corporation Purchase of Sound Boats Linked to New Haven by Witness.

The connecting link between the Mellen administration of the New Haven system and the purchase, through a "paper" corporation, of the Metropolitan Steamship Company's rival steamships to do away with Sound traffic competition, was more definitely established yesterday when Pierre Jay, vice-president of the Bank of the Manhattan Company, told of visits to him made by E. D. Robbins, the New Haven's counsel, in preparation for the transfer. Mr. Jay's account of the mysterious manner in which the account of the "dummy" New England Securities Company was opened in the Bank of the Manhattan Company was told before Nicholas Bidsell, special commissioner appointed by the Supreme Court of New Jersey in the action brought by Miss Jennie R. Morse, sister of Charles W. Morse, for the appointment of a receiver for the Metropolitan Steamship Company.

Miss Morse is trying to recover part of about \$3,000,000 paid for the steamship holding company, which she says is wrongfully withheld from the stockholders both of the steamship and the railroad company. To-day Miss Morse's lawyers will make an effort to get from Charles S. Mellen, E. D. Robbins and other officials of the New Haven more direct proof of the alleged illegal manner in which the Morse steamship line was acquired. All have been subpoenaed to appear before the special commissioner at the Hotel Taft, in New Haven, this morning. Lewis Cass Ledyard, one of the New Haven's directors, was to testify yesterday, but counsel for the Metropolitan Steamship Company, the defendant, announced that he would be called later in the hearings.

The testimony taken at the hearing, which was held in the rooms of the New York County Lawyers' Association, is another illustration of the many complicated devices employed in building up the New Haven system's monopoly of New England rail and water traffic. At least one corporation was organized and afterward dissolved solely to buy the steamship line, and as if in response to a tug at a string, various officials, identified only by their names, appeared to perform certain duties, and then returned to their positions as stenographers or bookkeepers.

Through the testimony the name of John L. Billard, president of the Billard Company of Meriden, Conn., figured in a way which has not yet been explained before the special commissioner. He appeared when a law firm made one of its stenographers treasurer of the New England Securities Company, which bought the steamship line. He was present when E. D. Robbins introduced the "treasurer" of this company to Pierre Jay as the authorized person to sign the checks of the company; but apparently he had no official association with any of the transactions.



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MRS. HALLERAN GETS ABSOLUTE DIVORCE

Husband Is Found Guilty of Misconduct—Alimony To Be Settled Later.

The Halleran divorce suits, which have kept Queens County stirred up for a year, were wiped off the judicial calendar yesterday, when Supreme Court Justice Kelly handed down a decision granting Mrs. Halleran an absolute divorce and denying the counter suit brought by her husband.

Aloysius G. Halleran. The court left the matter of alimony for later settlement.

Politics have been frequently injected into these two suits. Mrs. Halleran is a sister-in-law of Maurice E. Connolly, Borough President of Queens, while John G. Halleran, Tax Commissioner, is a brother of her husband.

Justice Kelly held that the allegations made against Mr. Connolly in Halleran's counter suit had not been sustained. Connolly interposed a defence and proved that he had not been with Mrs. Halleran at the times noted by Halleran.

Justice Kelly said that it was impossible to believe that Halleran and his associates went to a resort like the Haymarket merely to listen to the music. He censured his conduct in entertaining his brother's maid and buying her drinks in a hotel after the legal closing hours.

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