

plant supply every city for a sum probably not greater than the amount spent in New York City through the work of the new aqueduct. That has been my opinion, though I am not sanguine of it. This work of ours, estimated at \$181,000,000, will probably reach \$200,000,000. Just think of it—enough to make your head swim!

The Judge then delivered a little homily on government. He put it straight to his hearers. "In the last analysis," he said, "whether a community has a pure and honest government depends upon the community. If you are base your government will be base, and if you are ignorant your government will be ignorant, except that now and then some one by accident may go ahead of the people [a cough], but it will be only temporary; government advances only as the intelligence and virtue of the community advance."

"I think that we are getting better in the government of cities hereabouts all the time. I know that when I came to Brooklyn the government there and here was worse than it is now."

The Judge did not add that he had not lived in vain, but switched to the subject of immigration and the white slave traffic in New York, and what he had done and was going to do about this traffic, the existence of which in the campaign he had denied. There were people, he said, who wanted to see immigration, and from whatever source it was to turn the people out as we do through our schools good Americans; they all look to me pretty much alike soon after their arrival. Some add a little to the length of their noses. Some get a little narrower here. [And the Judge passed his hand over his temples and his upper cheeks.]

"We are getting better. The city is getting better. Do not let the city officials go out of office now with the idea that there are worse than some of their predecessors. They are better than some of their predecessors. Think of those, big bosses and little bosses around them, who got rich, some of them remaining here and some going abroad to live with what they made out of it. Yes, and some of those now, since the statute of limitations holds, coming back here and being received as a diner by a public official. Think of it!"

Here the Judge became more emphatic still in his manner and delivery as he hurried at the audience, a crowded house of men and women, these objections: "Owing to lack of virtue in the community you corrupt your public officers. You, corrupt and wealthy, you deal through an intermediary, or face to face if you can find a man so mean as to take your money that way, and get the money to take of a thousand or ten thousand dollars—yes, even a million—and then divide with him what you have. Maybe some of you do it."

"Don't you know that every bit that is taken off yours is put on somebody else's burden? If there was only a way to get rid of some of those people who corrupt public officials and to put them in State prison [Applause]. They not, you say, have a public official honest and incorruptible and so prevent this corruption? It is difficult. I am telling you that all public officials are not honest—cannot be because of the lack of virtue in the communities that elected them. What \$5,000 on your civil service list and all of them honest? They are not."

Then more quietly the Judge settled once more on the level of Gotham and said soberly: "New York is the most orderly, decent and moral city in the whole world. And I've traveled some; I've been going to Europe ever since I was a young man. With the workers for good I am going to work. With the slanderers and sensationalists I am not going to work. There are only comparatively few of these, but my how strident they are. [Turning to the reporters on the stage who have all public officials honest and incorruptible and so prevent this corruption? It is difficult. I am telling you that all public officials are not honest—cannot be because of the lack of virtue in the communities that elected them. What \$5,000 on your civil service list and all of them honest? They are not."]

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Moron Trust Company
LEVI P. MORTON, President.
38 Nassau St., New York
Capital, \$2,000,000
Surplus & Undivided Profits, 7,600,000
Systematic and Efficient Management of Trusts and Estates.

ZELAYA HAS WON NO VICTORY NOR HAS HE TURNED INSURGENTS' POSITION AT RAMA.

Despatches from Managua and Bluefields State Department denied to-day the reports from Nicaragua that President Zelaya's troops had won a decisive victory over the insurgent forces at Rama. The State Department also denied the reports from Managua that Zelaya's troops had won a decisive victory over the insurgent forces at Rama.

WASHINGTON, Dec. 12.—Officers of the State Department denied to-day the reports from Nicaragua that President Zelaya's troops had won a decisive victory over the insurgent forces at Rama. The State Department also denied the reports from Managua that Zelaya's troops had won a decisive victory over the insurgent forces at Rama.

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COLLECTING THE INCOME TAX
OFFICIAL INSTRUCTIONS TO ALL BUSINESS COMPANIES.
All Must Make Detailed Reports of Year's Business—Merchants and Manufacturing Companies Must Inventory—Tax Affects 400,000 Concerns.
WASHINGTON, Dec. 12.—Information long awaited by men engaged in all forms of corporate business is supplied in a bulletin just issued by the Treasury Department analyzing the intent of the law imposing a tax of 1 per cent. on the income of corporations, defining what the Department considers net income and stating the method according to which corporations must make their reports to the Department. More than 400,000 corporations, the bulletin says, are affected by the new law.

It is admitted in the bulletin that so novel is the law and capable of so many interpretations that the Department has had before it a problem "to so prepare the forms and regulations as to carry out the intent and at the same time avoid, as far as consistent, unnecessary and unreasonable interference with ordinary practices of business." The Department has endeavored to adopt a standard fair, just and reasonable to the tax paying corporations as well as to the Government.

The law requires that the return from each corporation shall show the gross amount of the year from all sources and authorizes certain deductions, such as "ordinary and necessary expenses actually paid out of earnings in the business and property of such corporations within the year, all losses sustained during the year, amount of interest actually paid within the year, amount paid by it within the year for taxes, amount received within the year as dividends upon stock of other corporations liable to this tax," etc.

The bulletin notes the prevalent impression that no item should be considered in making up the account, unless it is income or a deduction, unless its receipt or disbursement was evidenced by an actual cash transaction. On this point the Department has issued a warning that no item should be considered in making up the account, unless it is income or a deduction, unless its receipt or disbursement was evidenced by an actual cash transaction.

It is interesting to note that all definitions and decisions regarding the expression "actually paid" consider the matter from the standpoint of debtor and creditor and not from the standpoint of the individual himself, or in this case from within a corporation concerned solely with its own accounts, from which alone the law requires this return for taxation to be made.

It is clear that to hold that the phrase "actually paid within the year" requires evidence of actual disbursement in cash during the year would be to require that returns being made by any corporation and would render it impossible to carry out what is the main purpose of the law, to ascertain the net income of the corporation in its simplest aspect.

When one contemplates the complications and intricacies of the business affairs of a great corporation, with its many dealings with other corporations and individuals which are never settled in cash, but are accounted for by means of bills, drafts, checks, promissory notes, and other deferred statements of accounts, purchases of supplies and materials at one time, which are mixed with supplies and materials at other times and which are used and disbursed without any relation to their time of purchase, any attempt to follow each of these transactions out to the cash transactions as they are recorded in the books of the corporation would be a very serious proposition.

In administering the law it has been found necessary to prescribe different forms of reports for different businesses. It is believed that the forms prescribed for the various classes of corporations will be found to be simple and clear, and that they will be found to be simple and clear, and that they will be found to be simple and clear.

Gross income consists of the gross receipts derived from the operation and management of the business and property of the corporation making the return, together with all amounts of income (including dividends) received from other corporations, joint stock companies, and associations, and all other sources as shown by the entries on the books from January 1 to December 31 of the year for which the return is made.

Upon manufacturing and mercantile companies the law imposes the work of making a careful and thorough inventory of the property owned by the corporation at the beginning of the year, and of making a similar inventory at the end of the year, and of charging to the account of the cost of goods manufactured during the year of the sum of the inventory at beginning of the year and a credit to the account of the sum of the inventory at the end of the year.

Manufacturing Companies.—Gross income received during the year from all sources will consist of the total amount received from the sale of goods, less the cost of goods sold during the year, and the cost of such goods as manufactured. The cost of goods manufactured shall be ascertained by an addition of a charge to the account of the cost of goods manufactured during the year of the sum of the inventory at beginning of the year and a credit to the account of the sum of the inventory at the end of the year.

Merchants and Manufacturing Companies.—Gross income received during the year from all sources will consist of the total amount received from the sale of goods, less the cost of goods sold during the year, and the cost of such goods as manufactured. The cost of goods manufactured shall be ascertained by an addition of a charge to the account of the cost of goods manufactured during the year of the sum of the inventory at beginning of the year and a credit to the account of the sum of the inventory at the end of the year.

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Kent-Costikyan
KNABE BUILDING
Thirty Ninth Street and Fifth Avenue
Author of "ORIENTAL RUGS"
Will hereafter be associated with
JOHN KIMBERLY MUMFORD
Author of "ORIENTAL RUGS"

The Independent Club, a good government organization on the upper West Side of which the Rev. Dr. John P. Peters, rector of St. Michael's Protestant Episcopal Church, is president, has fallen in behind Assemblyman William M. Bennett in his fight to prevent the reelection of Ray B. Smith as Clerk of the Assembly.

A week or two ago the congregation of the Manhattan Congregational Church, which is made up a part of Bennett's constituents, passed a resolution expressing their conviction of Smith's unfitness to hold office. A similar resolution was adopted at a meeting of the Independent Club on Saturday night.

Dr. Peters' organization says that it is charged and widely believed that Smith has come to "exercise an authority over the Assembly which is pernicious and which has been manifested so boldly and so long as to become notorious."

This authority, according to the resolution, has taken the form largely of determining a bill shall be introduced, how it shall be presented and even how the vote shall be cast and counted. The club charges that by reason of his knowledge of details and by his relations to powerful organizations outside the Legislature, Smith has come to have "power sufficient to interfere with the rights of the members of the Assembly to make it difficult not impossible for the representatives of the people properly to do their work."

The resolution on the Assembly floor from the Fifteenth, Seventeenth and Nineteenth districts to oppose Smith's reelection and thus make it manifest that their constituents set a high value on the possession of liberty for their representatives than they do upon the passage of any particular bill.

Assemblyman Bennett of the Seventeenth district, who is the champion of the Smith matter, came up in the Manhattan Congregational Church on Saturday night and declared that he would not be intimidated by the resolutions of the Independent Club.

Mr. Bennett declared last night that he would put on another circular letter against Smith on Wednesday. He intimated darkly that he would have some "powerful friends" who would be ready to open headquarters in Albany before the Legislature convened. He wants Assemblyman James Francis elected in Smith's place.

The general impression among Republicans is that Smith will be reelected.

NO CALLERS ON MISS WARDLAW.
Remains Secluded in Her Cell in Newark.
Grand Jury to Act Soon.

Chief Justice Gummere, it is expected, will charge the first term of the December term of the county Grand Jury in the Court of Oyer and Terminer at Newark to-morrow on the Snead-Wardlaw case. The jury has just been selected and will take up the case immediately.

William F. Hoffman, treasurer of the American Oil and Supply Company and a trustee of the German Savings Bank, is foreman of the jury. He was formerly a City Home trustee and treasurer of the County Desportorial committee.

Other members of the jury are: J. Henry Loebner, leather manufacturer; Edgar R. Brown, school commissioner and manufacturer; Charles P. Taylor, school commissioner and electrician; William Bonnett, police commissioner; Adam F. Burger, bag manufacturer; Eugene A. McMurray, architect; William D. Ripley, lumber dealer; Joseph C. Caldwell, contractor; Frederick B. Taylor, Essex Trades Union and cigar maker; Andrew Fitzgerald, leather worker; Victor Cassoline, printer; Edward Gordon, contractor; Frank E. Dorris, electrician; Gustave A. Schaff, retired; Max Feldman, physician; Clark P. Williams, retired; William S. Rosen, retired; East Orange-J. Woods McWilliams, West Orange-Carl Fentzlar, retired; Bloomfield-Charles A. Keyler, retired.

Miss Wardlaw spent the entire day in her cell at the county jail in Newark yesterday and her meals were sent to her through the door. She was not allowed from the other prisoners and refrained from attending the religious services. At certain hours during the day she was allowed to walk in the corridors, but Miss Wardlaw preferred to remain by herself. She had no visitors.

It is a disposition on the part of some persons to criticize the attitude of the authorities on holding Miss Wardlaw, Prosecutor Mott yesterday referred to his presentation of the State's case at the hearing of Miss Wardlaw on Saturday.

"If there has been no crime, if Miss Wardlaw is guilty of no wrong, why this mysterious behavior? Why this reticence, this lack of explanation? Innocent persons don't maintain such a silence in the face of a charge involving their very lives when explanations which they could make might clear up the whole matter. I have been waiting for two weeks for an explanation of some circumstances which are certainly suspicious in this case. Miss Wardlaw, if she can, has made none, her counsel has made none."

"I had hoped that one might have been forthcoming before this time, so that I might be able to request the release of the prisoner. I am now, therefore, urging her further detention, as I now do."

"I have not said that a crime has been committed, nor have I endeavored to prove the guilt of Miss Wardlaw of a crime. I am obliged only to show probable cause for the commission of a crime, and I have shown and I believe that there is such probable cause in this case. There are grounds for substantial suspicion as long as no explanation of them is forthcoming."

MEMORIAL RESOLUTIONS.
PLUM.—At a meeting of the Board of Directors of the National Bank of New York, specially called for the purpose, the President, announced to the Board the death of the late John P. Peters, a member of the Board of Directors and former Vice-President, Mr. James R. Plum, who was the senior director of the bank, having been first elected a director January, 1882, and annually thereafter ever since. During all these nearly forty-two years of continuous service in the interests of the bank he gave most freely and unreservedly his able services to it, and much of the property of the bank is due to his real and efforts to its behalf. He never, during all that long period, save in a few instances when he was absent from the city, failed to attend at the meetings of the directors, where he gave fully of his large knowledge of the great institution.

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