CORPORATION WINS SUIT TO AVOID TAX

Supreme Court Upholds Decision in Favor of Minehill Railroad.

A REHEARING IS SOUGHT

Attorney-General Fears Possibilities of Evasion Resulting From Opinion.

WASHINGTON, May 12.—If the conclusion of Attorney-General McReynolds be correct the refusal to-day of the Supreme Court to order a rehearing of the case of the Minehill and Schuylkill Haven Railroad corporation involving the collection of the Federal corporation tax has left a large loophole in the administration of that law by which many big corporations may escape paying the tax.

The case was brought on behalf of the Government by William McCoach, collector of Internal Revenue for the Eastern District of Pennsylvania, in which the corporation has its offices. The Government lost the suit to enforce the payment of the corporation tax in the lower court and the Supreme Court on April 7 affirmed the judgment of the lower court. The majority opinion was read by Justice Pitney and the minority opinion by Justice Day. The vote in the court was 5 to 4. Because of the importance of the issue and the fact that the court was so evenly divided the Attorney-General made a motion for a rehearing and set up strong arguments in support of it, but to-day the court denied the motion.

Road Is Leased by Reading Co.

The Minehill and Schuylkill Haven Railroad Company owns a railroad which was constructed many years ago but which is now controlled by the Reading company, which operates it under a lease paying an annual rental to the lessor corporation. The record of the case showed that the Minehill and Schuylkill Haven Railroad Company transacted no business as a corporation except to receive and distribute the rentals from the Reading company, its lessee. The majority opinion of the Supreme Court held that the mere action of a corporation in simply receiving and distributing the proceeds of rentals did not amount to "doing business" within the meaning of the corporation tax law. Mr. McReynolds insisted that the test to be applied was whether the corporation was "engaged in an income producing business."

The Attorney-General argued that under the statute a corporation is "not taxable simply because it is a corporation or because it may be receiving an income on a property which it owns or controls, but it is taxable when as a corporation it does positive, affirmative business, producing net income over a certain amount." He pointed out that the defendant corporation came within the statute by "leasing its railroad and investing its funds."

[illegible] on the possible results that would flow from adhering to the majority opinion the Attorney-General said:

"In urging a rehearing:

"The result, as the dissenting opinion points out, is that not only railroads but all other corporations may avoid taxation with respect to business done by them simply by lease of their plants. So also the stockholders of a corporation may organize a holding or operating corporation, leasing its business to the latter corporation at a rental such as to leave it no taxable income, and at the same time the lessor corporation would not be taxable on its income.

"Apparently the Attorney-General's contention as to the possibility of evasion will apply also to the income tax but now pending for it re-enacts the corporation tax law as one of its features."

The court construed the immigration act of 1910 to authorize the Government to deport alien women who enter on an immoral life after arriving in the United States, even if proofs show they came in before the law was passed.

A test case was brought on behalf of Helen Bugajentz of Denver, whose attorneys raised a question of the Government's right to deport her and two other women who were taken with her on a similar charge. It was contended that the Government sought to make the law ex post facto, but the Supreme Court held that the Government had authority under the law to deport any alien woman, no matter when she may have come to this country, if at any time she should be found to have violated the prohibitions fixed by the law of 1910.

H. G. Lewis, who had a sudden rise a few years ago as a publisher in St. Louis and who established the *Woman's Daily*, with which he proposed to revolutionize journalism by selling the daily paper at $1 a year, received a setback from the Supreme Court.

Lewis has had much controversy with the Post Office Department, which began under the administration of George B. Cortelyou. He was a publisher of several periodicals, among them the *Woman's Magazine*.

The second class privileges were denied his publication by the postmaster at St. Louis on the ground that its subscription list was not bona fide. Lewis sought to compel the postmaster to receive the copies for transmission through the mails at second class rates by taking recourse to the courts. The lower courts decided against him and the Supreme Court has affirmed the decision.

The case was in reality dismissed by the highest court as "moot," in view of the fact that the publication had lightened out its troubles with the St. Louis postmaster and now enjoys the mail privileges. In dismissing the case the court upheld the judgment of the lower court in deciding that the Postmaster-General had the right to make rules and regulations for the admission to the second class privileges and that in this case he had not exceeded his authority.

In an opinion by Associate Justice McKenna, the court held the Milwaukee ordinance regulating the sale of milk in that city to be valid as an exercise of the police powers of the State through a municipality acting under a power of the State. The decision is of far reaching importance, as the ordinance is very drastic and authorizes the health officers of Milwaukee to trace the milk supply beyond the jurisdiction of the city and examine herds and apply tuberculosis tests to herds from which milk is obtained for sale within the city. The ordinance gives authority to destroy cattle and confiscate milk taken from animals that do not meet the tuberculin test of the city authorities.

The court decided that shippers who dictate railroad routes for their freight are entitled to recover from the initial carrier when freight is damaged on a connecting line. The decree was made in a suit of the Dixie Tobacco Company against the Norfolk and Western Railway. The Virginia Court of Appeals decided against the railway.

With 165 cases argued and under advisement, the Supreme Court to-day took a recess until May 26, when it is expected that a large batch of opinions will be handed down. The court was in session but a few minutes and eleven cases were disposed of. Before the court adjourns for the summer it is expected that all the 165 cases will have been decided.

Immediately after the adjournment to-day the Justices went into conference on cases they have under advisement. These conferences will be continued daily for the next two weeks and are expected to be productive of results.

In order to decide all the cases now under advisement the Supreme Court will probably remain in Washington until June 16, which is expected to be the last opinion day. Last year when the court adjourned for the summer more than fifty cases were under advisement.

WOMAN WHO ACCUSED O'HARA IS NOT UPHELD

Use of Her Affidavit by Liquor Man Who Feared Vice Inquiry Is Alleged.

CHICAGO, May 12.—A record of drinks by the gallon that flowed on January 18 last in the Hotel Sherman suite occupied by Maude Alberta Robinson, her mysterious woman companion and a man said to have been Thomas Vredenburgh was read to-day before the legislative committee investigating insinuations regarding the personal conduct of Lieut.-Gov. Barratt O'Hara. First were served four cocktails at 12:40 A. M., said the report, after which came at short intervals all kinds of fizzes, beer by the gallon and an assortment of highballs and cocktails.

The committee failed to unearth anything tending to confirm Maude Robinson's unsupported statement that the Lieutenant-Governor visited her apartment after midnight on January 18.

Zacharias, a waiter, said that he visited the suite occupied by the party three times on January 18 and saw only two women and one man. His description of the man does not fit O'Hara.

Half a dozen witnesses testified that O'Hara spent practically all of the three nights in question playing cards at the Press Club.

Treasurer W. L. O'Connell of Cook county corroborated the Lieutenant-Governor's testimony regarding a talk O'Connell had with Deputy Sheriff Sullivan of Springfield, who produced the Robinson affidavit. O'Connell told of the visit Sullivan made to his office. He said:

"I told him that I had no interest in the matter, but he said that I had an interest in the Dunne administration and he was there to warn me of the scandal sure to follow if the affidavit was made public. Sullivan told me that Sam Davis, liquor dealer in Springfield, had been summoned to appear before the Senate vice committee and that Davis did not want to testify. Sullivan added that if Davis was forced to testify he would publish the affidavit. I notified O'Hara of Sullivan's visit and told him what Sullivan said."

Edward A. Denahy, assistant manager of the Hotel Sherman, brought with him the register on which appeared the names of "T. Duncan and wife" and "J. F. Miller and wife," the names it was charged under which the Lieutenant-Governor and Thomas Vredenburgh of Springfield and the two women were registered. He identified the books but could throw no further light on the matter.

WISE DINNER WITHOUT HIM.

Death of Father Keeps Ex-District Attorney From Gathering.

Because of the death of his father Henry A. Wise, who retired from the United States District Attorneyship on May 5, appeared for only a few minutes at the dinner given in his honor by judges, lawyers and other friends at the Waldorf last night.

V. Van Vechten Olcott was toastmaster. The other speakers were Job Hedges, Judge Julius Mayer and Assistant Attorney-General James A. Fowler. At their table were also Judges George W. Ray, Walter C. Noyes, Thomas A. Chatfield, Learned Hand, Charles M. Hough, E. Henry Lacombe, Julian W. Mack, Van Vechten Veeder, George C. Holt, ex-Secretary of War Henry L. Stimson, E. E. Baldwin, Henry L. Burnett, William Loeb, Jr., George Gordon Battle, William B. Hornblower and C. C. Burlingham.

Others of the 500 diners were Joseph H. Choate, Otto T. Bannard, William S. Bennet, Henry R. Buckner, Paul D. Cravath, William Nelson Cromwell, Bainbridge Colby, Abraham Gruber, Lloyd C. Griscom, William M. Ivins, Edward Lauterbach, John G. Milburn, William Mahon, Henry Morgenthau, Dudley Field Malone, De Lancey Nicoll, Morgan J. O'Brien, Frank H. Platt, J. Seaver Page, William Rand, Jr., Judge Otto Rosalsky, Elbridge G. Snow, Isaac N. Seligman, Henry W. Taft, Charles A. Towne, Augustus Van Wyck and Justice Bartow S. Weeks.

FIRE IN COL. WAGSTAFF'S HOME.

House on Tallulah Estate Narrowly Escapes Destruction.

BABYLON, L. I., May 12.—Tallulah, the country home of Col. Alfred Wagstaff on the Great South Bay at West Islip, narrowly escaped destruction by fire to-day. Flames that started in the cellar were working up through the floor when servants discovered them, and with the help of workmen on the estate put out the fire with hose and hand extinguishers. Col. Wagstaff and his family were in New York. They have several valuable paintings at Tallulah.

NEW FRENCH, GERMAN AND ITALIAN BOOKS
FRENCH MAGAZINES
E. P. Dutton & Company
681 Fifth Avenue
Opposite St. Thomas's Church

JURY PROBE SPURS TAXICAB COMMITTEE

Said to Have Agreed on Ordinance Providing for Reduction of Fares.

ABOLISH PRIVATE STANDS

Alderman Grimm Signs Waiver of Immunity and Others Will.

The Aldermanic committee on taxicab legislation held a meeting in the City Hall yesterday afternoon to discuss the presentation of its report, which has been delayed so long that the matter has become the subject of a Grand Jury investigation.

Because of the funeral of Alderman Drescher this afternoon the Board of Aldermen will meet to-day for its regular meeting and immediately adjourn. This will necessitate the postponement of the presentation of the report until next Tuesday.

After the meeting of the committee yesterday afternoon Alderman Marks said he thought an ordinance would be presented to the Board of Aldermen based on the Mayor's ordinance expect in the matter of fares. The fares, he thought, would be reduced to 50 cents for the first mile and 40 cents for each succeeding mile for two passengers and to 70 cents for the first mile and 60 cents for each succeeding mile for three or more passengers. The report, he said, was pretty certain to recommend the abolition of private cab stands.

Mr. Marks said that the majority members of the committee had agreed to these proposals and that there was a good chance that only one report would be presented, in which the entire committee would agree.

Alderman Henry F. Grimm, chairman of the committee, signed a waiver of immunity at the District Attorney's office yesterday afternoon and to-morrow will go before the Supreme Court Grand Jury which is investigating the taxicab situation.

Alderman John McCann, Daniel R. Coleman and Frank Cunningham, the other members of the majority of the committee, signified their willingness to sign waivers of immunity and all will be called by the Grand Jury to-morrow.

Alderman John A. Bolles, Samuel Marks and William D. Brush, comprising the minority of the committee, already have signified their readiness to sign waivers, and they too will tell their stories to the Grand Jury to-morrow if that body has time to hear them. The minority members have advocated a prompt report on the proposed ordinances and also have advocated the establishment of a reasonable rate.

In taking up this taxicab problem yesterday the Grand Jury heard two witnesses. From them and from the books of the Yellow Taxicab Company information was obtained that ten city officials have been on the books of the company as charge customers and have not been asked to pay any money before receiving a receipted bill on the first of each month.

The ten men include, according to the information placed before the Grand Jury, James J. Wallace, Jr., chief of the bureau of licenses, and Samuel Martin, chief of the bureau's complaint department. The eight others mentioned by the witnesses are police officials said to range from inspectors down through captains to lieutenants.

The amounts of the monthly accounts as shown by the books were said to range from $22 to $150 and above. In addition the same accounts show that all told there are some 200 persons in the city who do not have to pay anything for their taxi rides secured from this same company. These include the proprietors of hotels and restaurants and various employees of the same places.

It is not alleged that this extension of the free list to hotel and restaurant men is contrary to any law or ordinance, but it indicates that somebody has to pay fares large enough to make up for the expenses incurred by so large a free list.

The witnesses before the Grand Jury yesterday were F. P. Banta, who was employed as a confidential man by the Yellow Taxicab Company until March last, and Assistant Treasurer Jesse Judson of the same company.

The examination of officials and other employees of the company will be continued by the Grand Jury to-day. It was said yesterday that the books of the Yellow Taxicab Company show no charge account in the name of Alderman Grimm.

Efforts will be made by the Grand Jury to find out whether the police or any other city officials were influenced in their official action by reason of privileges extended to them by the taxicab people.

The investigators have heard of conferences at an uptown hotel between representatives of the taxicab companies and certain Aldermen. An attempt will be made to find out whether there is any truth in these reports.

PRESSURE ON MRS. THOMPSON.

Ex-Inspector's Wife Urged to Aid Whitman, Is the Report.

From political sources friendly to the present police administration came a report yesterday that friends of Mrs. James F. Thompson, wife of the convicted inspector, who with Inspectors Sweeney, Murtha and Hussey is now in the penitentiary, are urging Mrs. Thompson to get into communication with District Attorney Whitman with a view to lightening her husband's sentence if possible.

The report, which was taken seriously in certain quarters, was that these friends believe that she has information which would be of service to the prosecutor in his task of carrying the police graft hunt on to Police Headquarters. They also fear that ten months in the penitentiary is likely to have very serious results to his health.

Thompson's condition is described by his friends as that of a man who would probably keep in fairly good health for a long time to come if he got the proper amount of fresh air and proper food. This he will not get in the shoe shop on the island.

District Attorney Whitman said last night that no overture of any kind had been made to him on behalf of Thompson by Mrs. Thompson or by anybody else and that he had no knowledge of any such proposals. Furthermore, he said that nothing had been brought to his attention definitely concerning Thompson's health, although he had heard some time ago that it was not of the best.

Hussey, Thompson and Murtha, who because of their assignment to shops which run only half a day on Saturdays escaped beginning their apprenticeships in their new trades that day, began work yesterday morning, Hussey taking up his first task in the bed shop, Thompson in the shoe shop and Murtha making brooms.

NEW ROOSEVELT PROFESSOR.

H. W. Farnam of Yale to Lecture in Berlin for Us in 1914-15.

H. W. Farnam, professor of economics at Yale, was appointed yesterday Roosevelt professor in the University of Berlin for 1914-15, according to an announcement made at Columbia. The present incumbent of the Roosevelt chair is Prof. William Milligan Sloane of Columbia, who expects to return to America in August.

Prof. Farnam was graduated from Yale in 1874 and studied at Berlin, Goettingen and Strassburg. He is one of the editors of the *Yale Review* and is editor of the *Economic Review*.

The Roosevelt professor already designated for next year, 1913-14, is Paul Shorey, professor of Greek at the University of Chicago.

BANKER GETS EIGHT YEARS.

Robert M. Petty's Sentence Made Heavy for Refusing to Confess.

Robert M. Petty, 56 years old, who was found guilty of misappropriating the funds of the national bank in Washington, N. J., was sentenced to eight years in the New Jersey State prison at Trenton by Judge Reilstab in the Federal Court in Newark yesterday. The court in sentencing Petty said:

"It was a great mistake for you to have ever aspired to the presidency of any bank. You don't seem to be fitted for that position. Your offence is one of a few for which Congress has fixed a minimum of five years imprisonment. I would gladly have given the minimum, but that minimum is intended for those who come in and frankly confess to their wrongdoing."

Solicitor C. Smith, counsel for Petty, admitted out of court that he tried to get Petty to plead guilty so he would get a lighter sentence.

CITY JOTTINGS.

Joseph Carroll, a driver, fell from a truck load of bricks he was hauling across the tracks of the Long Island Railroad, Long Island City, yesterday afternoon, and the wheels passed over his legs. Both legs were amputated below the knees.

Mrs. Stephen V. Harkness has given $1,000 to the dispensary building fund of the Hospital for Deformities and Joint Diseases at Madison avenue and 123d street. To the fund, which is now $55,000, Thomas F. Ryan has also made a contribution, as did the late J. Pierpont Morgan before his death.

John B. Merrill, a former District Attorney of Queens county, has asked Judge Humphrey in the Queens County Court to dismiss the indictment charging grand larceny returned against him in connection with the disappearance of an automobile owned by Bert S. Clarke and his wife. Judge Humphrey reserved decision.

One hundred boys and girls marched from a kindergarten at 29 Montgomery street yesterday afternoon when fire was discovered in a house next door. The fire was soon put out.

Geyserland!

Nature, in a freakish mood, distributed with lavish hand her strangest gifts in the

Yellowstone National Park

She painted the river banks in vivid hues; sent the streams tumbling in marvelous cascades over towering cliffs, and then, as the acme of eccentricity, created the geysers—gushing, roaring, awe-inspiring.

Union Pacific
Standard Road of the West

Is the new and direct Route to the Yellowstone National Park, or you may stop over en-route to the Pacific Coast and Northwest. Double track automatic electric block safety signals. The best route to Denver, Salt Lake City, San Francisco, Los Angeles, Portland, Tacoma and Seattle.

For information, literature, etc., write, 'phone or call.
J. B. DeFriest, Gen. Eastern Agent
287 Broadway New York
'Phone Worth 4994

TRUNK LINES MOVE FOR HIGHER RATES

Will Ask for General Increase of From 5 to 7 Per Cent. on Freight.

ON ALL EASTERN ROADS

Railroad Presidents Will Meet With Interstate Commerce Commission To-morrow.

WASHINGTON, May 12.—The first important step in the direction of an increase in freight rates on all Eastern railroads will be taken on Wednesday in this city.

Arrangements were made to-day for a committee representing the Eastern trunk lines to meet the chairman and members of the Interstate Commerce Commission to discuss the line of procedure to be followed.

Daniel Willard, president of the Baltimore and Ohio Railroad, will head the committee of railroad presidents. It is believed that it will be only a matter of a few days when the application for an increase will be laid before the commission.

The railroads are confused as to how they should proceed. They desire to have the commission consider the application for an increase on the basis of the evidence taken on the increase which was blocked by the commission about two years ago. The railroads will supplement this evidence by figures showing increased operating expenses and increased wages in the last two years.

When the Eastern carriers made their unsuccessful application two years ago they filed with the commission tariffs showing increases ranging from 20 to 30 per cent. According to statements of the leading railroad officials they intend to ask for only from a 5 to 7 per cent. increase. They are prepared to show that it is absolutely essential to the making of necessary improvements and the payment of dividends that the increase be allowed.

While it is believed here that the railroad presidents will have no difficulty in getting the case reopened, it may be more difficult to obtain the commissioners' approval of the increase. The language of the commission's decision in refusing the application two years ago, particularly the reference to physical valuation, was recalled here to-day. A physical valuation of railroads is now being made by the commission. The commission said in its previous decision:

"We have been compelled to dispose of this case upon the evidence available. As previously noted, there is no testimony tending to show the cost of reproducing these properties. It is plain that a physical valuation would introduce a new element which might lead to a different conclusion. The conclusion reached here extends therefore no further than the facts upon which it is based.

"This commission has several times urged Congress to authorize a reproductive valuation of those railroads subject to Federal jurisdiction. It is reported that certain railroad companies are making such valuations themselves, and the results may at any time be urged upon the commission and the courts as a justification for higher rates. The interest of the public ought not to depend upon a valuation made entirely by the owners of these properties, no matter how honestly the work may be prosecuted."

It is believed here that in view of this statement the chief task before the railroad presidents will be to persuade the commission to grant the general increase without waiting for the results of the Government's physical valuation of the roads.

It has been estimated that it will take from three to five years to complete the physical valuation. The railroad officials are confident of being able to convince the commission that they cannot wait that length of time before getting the increase in rates.

CHANGES IN CANADIAN TARIFF.

Typesetting and Casting Machines to Be on Free List.

OTTAWA, Ont., May 12.—The Canadian budget speech delivered this afternoon by Finance Minister White reduces from 12½ to 10 cents a hundred the duty on cement, and places typesetting and type casting machines, ditch digging machines and scientific apparatus for hospital work on the free list.

The other changes are principally those called for in the trade agreement between Canada and the West Indies.

First Public Inspection Trip
New Day Line Steamer
"Washington Irving"

This new floating palace of steel and glass will be open for public inspection during a delightful special trip

Up the Hudson River
Saturday Afternoon, May 17th

An unusual chance to see the finest and fastest river steamer in the world before she enters regular service. The fifty oil paintings by famous artists illustrating the Irving period will be on view. The decorations include reproductions from the Alhambra; the Old Cock Tavern of London; Irving's study at "Sunnyside" and from many other interesting historical places.

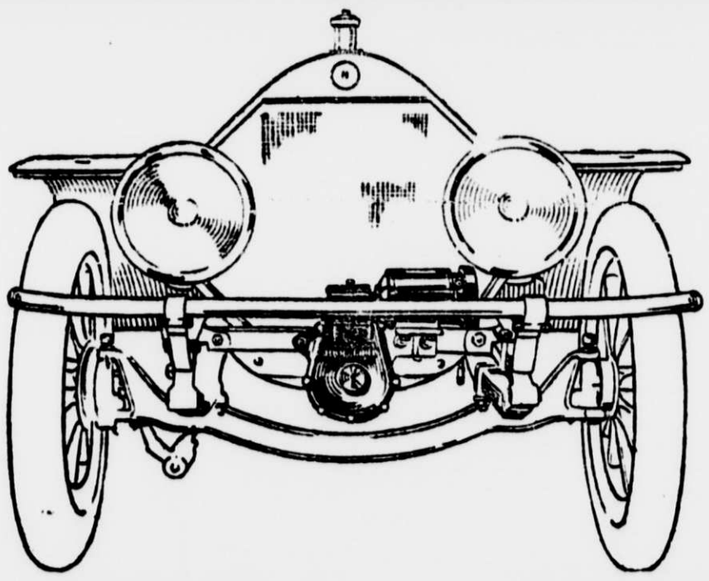
Special Tickets of Admission Required

To avoid overcrowding the Hudson River Day Line will make a charge of $1.00 per ticket for the trip. Tickets on sale at the Company's offices.

Special Inspection Trip Schedule
On May 17 the "Washington Irving" will leave Desbrosses Street Pier, New York, 1.45 P.M.; West 42nd Street, 2.00 P.M., West 129th Street, 2.2[illegible] P.M., returning to West 129th Street at 5.00 P.M. and West 42nd Street at 5.20 P.M.

Regular service daily except Sunday will be resumed from New York May 16 and from Albany May 17.

Hudson River Day Line
Desbrosses Street Pier NEW YORK



Make YOUR Car a 1913 Model

Until now it has cost the owner of an old car from $400 to $600 to install an electric starting and lighting system and prevented his using the car from ten to twenty days.

This excessive cost and sacrifice of time have resulted from the necessity of altering the car's design.

But alteration is no longer necessary and every car owner can thoroughly modernize his car in the matter of efficient electric starting and lighting equipment at a cost that is well within his means.

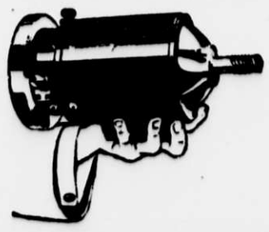
This has been made practicable by the invention of the

Hartford Electric Starting & Lighting System

Attachable to any car—irrespective of model or make—without a single structural change. Car is completely equipped with the Hartford System at a total cost of from $275 to $300 and ready for delivery in a few days.

The Hartford Starter is the most powerful and efficient yet built. It weighs less than any other and occupies less room. For these reasons its application is practicable to the front of the car without unbalancing the design or detracting from the car's appearance. It spins the largest motor fast enough to start on the magneto and spins it in spite of highest compression, congealed oil and adverse weather conditions. All this wonderful exhibition of power has been attained by the application of the fly wheel to the armature shaft of the motor which develops from 10 to 60 h. p. as needed and turns an engine at 110 r. p. m. on the least current consumption.

On Demonstration at Branch 1700 Broadway



Among the cars equipped at our plant during the past few weeks were—Lozier, Packard, Marmon, National, Chalmers, Isotta, Velie, Mercedes, Reo, Oakland, Oldsmobile, Garford, Alco, Stevens-Duryea, Fiat, Hupmobile, Columbia. The Hartford is continually on demonstration at our Broadway Branch and all car owners interested in a thoroughly dependable system for practical application on their present car should make it a point to see this convincing demonstration. Catalogue on request.

New York Branch 1700 Broadway at 53d Street
HARTFORD SUSPENSION COMPANY
EDW. V. HARTFORD, President
Main Office and Works, JERSEY CITY, N. J.
Branches in Principal Cities
Makers of the famous Truffault-Hartford Shock Absorbers