

NEW STEEL MERGER HOTLY AWAKEY BY COCK MEMBERS

vanage, and perhaps carry it further than you and I think they ought to carry it," Judge Gary replied. "I would not like to go further than that, because I remember in the Government case, after Mr. Morgan's examination, many of the independents testified that whatever happened they could survive and thrive in spite of the United States Steel Corporation."

Steel Merger Details Given by Chadbourne

THOMAS L. CHADBOURNE authorized the following statement last night: Mr. Chadbourne's attention was called to the fact that his yesterday's statement of the steel merger plan had not contained a statement of the proposed financing and the authorized and issued capital stock.

In reply to this he stated that the authorized capital had not been decided upon; that a syndicate would be organized for \$64,064,925 to purchase 253,314 shares of preferred stock of the par value of \$25,331,400 allocated to the inland shareholders and 505,331 shares of common stock without par value to provide additional cash working capital and also to provide \$20,000,000 cash to be used in the discretion of the syndicate managers to purchase additional shares of stock of the new company from the new company or otherwise.

For the foregoing and to acquire the properties of the three companies the immediate issue will be \$50,331,400 par value of preferred stock and 3,224,331 shares of no par value common stock. It has been agreed that for his services in negotiating the merger Mr. Chadbourne shall have the right to purchase from the company 25,500 shares of the common stock at \$10 a share, and that Kuhn, Loeb & Co., to assure their continuing interest in the company, shall have the right to purchase 55,500 shares of the no par value common stock at the same price.

board nor any finance committee that I thought was like our finance committee in respect to the management of the affairs of the corporation. Q. How often does it meet? A. Every week. Q. One of your men is from Philadelphia? A. Yes. Q. Mr. Roberts is a Philadelphia man? A. Mr. Roberts is a Philadelphia man. Q. Are the finance committee members salaried men? A. No; they are not. Q. They get salaries in some other direction, don't they? A. No. Q. In some capacity? A. No. Mr. Filbert is salaried, Mr. Lindabury is salaried. A. Four of us. Q. Four out of seven? A. Yes, all but Mr. Morgan, Mr. Baker and Mr. Roberts. Q. I understand, I was asking you about this question of structural steel. What proportion of the structural steel of the country does your company make? A. I cannot give you those figures, but I think about a third. Q. Do you know what your competitors are in structural steel, all the companies make it more or less? A. More or less. I think others have testified to that. I don't know. It seems to me that something of it in the newspapers. For a good many years we have not known so very much of the business of independents.

1921 a "Lean" Year, Says Gary. Mr. Undermyer began Judge Gary's examination by getting into the record of the organization figures of the Steel Corporation, and a statement of profits for 1921 advanced by Judge Gary described a "lean year." This showed net profits of \$2,726,957, including a charge of \$27,905,945 for depreciation and sinking funds on bonds of subsidiary companies. The testimony ran: Q. As chairman of the board of directors you are the official head of the United States Steel Corporation, are you not? A. I am. Q. Do you happen to have the last statement here? A. Yes, we have the report here. Q. Suppose we put that in? Q. The total volume of business appears to be, \$65,407,583? A. That is right. Q. And that was a decrease of what percent from the year previous? A. Previous year. Q. Previous year? A. 46.3. Q. After paying interest on underlying bonds the net profit for 1921 in that lean year was \$2,726,957. You do not consider sinking funds a proper charge against net earnings, do you? That is a payment on account of the capital, isn't it? A. Well—you see how the books are kept. Q. Yes, but Judge Gary, won't you answer me? You do not regard a sinking fund payment on the retirement of bonds as a charge against net earnings, do you? A. Well, I— Q. Won't you answer me? A. From the standpoint of the accountant I should say yes.

How They Manage Railroads. In practice you have to rely upon the general service of the railroads of the company in transporting most of your manufactured products, do you not? A. We do not. Q. But there is this difference, that our railroads in the Northwest are all the time sufficiently equipped and so managed that they have capacity to take care fully and promptly of the business that is offered. That isn't true of the railroads in the country generally, is it? A. Yes, we have suffered at times very materially, the cost of being very heavy, because of the lack of opportunity to transport promptly and deliver our commodities. Q. Then you are of the opinion that your ownership of this means of transportation is a substantial advantage to the steel company? A. Yes, I think it is. Q. Of which you do not care to deprive yourself—and that is because they are better managed and better equipped? A. Yes, that is probable. Q. Then you have a poor opinion of the management of the railroads of the country generally, have you, as compared with the management of your transportation lines? A. I presume my opinion is the same as yours.

Financing and Topping Grilled. Renewed investigation of the merger of the Midvale Steel Company with the Republic and the Inland followed the publication yesterday of some details of the deal, covering the Thursday afternoon. That same day both Mr. Topping of the Republic and Mr. Dinkey of the Midvale testified that no final figures had been arrived at and that the merger involving the capital of more than \$200,000,000 was only in a tentative stage. Mr. Undermyer charged that while that testimony was given the details of the merger were being prepared for the press and that Mr. Topping and Mr. Dinkey were trying to trifle with the committee. Their testimony might be characterized more strongly, he added. With Mr. Topping on the witness stand Mr. Undermyer thrust into his hand a newspaper account of the proposed merger, the details of which were given out at the office of Thomas L. Chadbourne. Some 20,000 shares of new stock to be issued, the company to be reorganized, the \$200,000,000 additional that Mr. Undermyer charged was to be spent for trading purposes to create a market for the new stock, or of \$75,000,000 to pay back dividends of the Republic and Steel Company.

Nothing Hidden, Says Gary. Q. The policy of your company is one of pitiless publicity, is it not? A. Yes, Mr. Undermyer, we will furnish you anything concerning any part of our business that is germane to your inquiry. Q. Do you notice earnings of 1920 before deducting the depreciation and before deducting for the payments on account of capital into the sinking fund were \$176,484,898.41? A. I do. Q. On what volume of business is this predicated? Is it not, upon figures, showing a business for that year of \$1,212,444,964? A. That is right. Q. That is about 15 per cent, on the total business, isn't it, in round figures? A. I think so. Q. Now those were lean years, both of them, were they not? A. Nineteen hundred and twenty was a pretty good year. Q. Was it a pretty good year as compared to 1919 or 1917? A. Nineteen hundred and eighteen was a big year. Q. That was due to the abnormal business growing out of the war, was it not? A. I think so. Q. Nineteen hundred and twenty was

France Tells Her Belief Hague Meeting Will Fail. PARIS, June 2 (Associated Press).—Premier Poincare to-night dispatched a memorandum to all the Governments which have been invited to the conference at the Hague setting forth the conditions France considers indispensable to insure the success of a new conference on Russian affairs, underlining the conclusions France thinks should be drawn from the long discussions with the Soviet delegates at Genoa and ending by endeavoring to show that outside the technical negotiations between the experts the new conference is doomed to failure, judging from the Soviet methods at Genoa. The French Government will decide next week whether it considers it opportune that France should be represented at the Hague.

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BRIAND DEFENDS HIS POLICY AT CANNES. Says Lloyd George Promised Aid if Germany Attacked. NANTES, France, June 3 (Associated Press).—Breaking a silence of five months since the Briand to-night defended his policy in Premier's reply to his critics, refuting their accusations of weakness and pointing out how his successors had been obliged to revert to his policy. Referring to the Anglo-French agreement he said: "I had and still have an idea that when Great Britain and France are united and allied in the eyes of the world, we will be invincible in Europe, and I am sure that if before the declaration of the war the Kaiser had been certain England would have been with us, there would have been no war."

AMERICAN AVIATORS ARRESTED IN MEXICO. Accused of Leasing Airplanes to Revolutionists. JUAREZ, Mexico, June 2.—Two Mexican citizens were killed and two American aviators were arrested in connection with the investigation of revolutionists in Mexico, according to official dispatches received here today. Col. Ernesto Argias and Rosendo Valaquez were arrested on a charge of being implicated in plots to make Felix Diaz President. The Grand Jury of King's Bench Court, to-day returned a true bill, which corresponds to an indictment in the American courts. Wearing a semi-day attire, the accused idled away his time while awaiting the jury's verdict by chatting with his guard. At noon a car with a bouquet of flowers tied to the hood called to take him to lunch.

CRANE SAYS SYRIANS OBJECT TO MANDATE. Asserts Moslem World Supports Independence.

LONDON, June 2 (Saturday)—Charles R. Crane, interviewed by the Times on the eve of his departure for New York, said the report that he was sentenced to imprisonment in Syria "probably originally was in connection with the conviction of Dr. Shalender, who saw me several times in Damascus. I don't think a large loan, but that \$5,000,000 might be considered such. Any reduction of the French claim subsequent to a large loan it was pointed out, would also entail discussion of the Allied war debts to the United States. Evidence of the influence of Premier Poincare on the Chamber was shown when the question as to priority of the numerous orders of the day came up. Mr. Herriot insisted that his order of the day regarding international loan should have priority. To Mr. Poincare's objection, and without implying lack of confidence, the Chamber voted, 428 to 143, against Mr. Herriot. But when the straight order of the day, involving a vote of confidence in the Government, was put before the Chamber, the opposition vote was reduced to 100, while that of the supporters of the Government was increased to 484.

THE PEOPLE WHO ARE GAMBLING IN THE STOCK? A. I don't know anything about the people who are gambling in the stock. Q. Sure about that? A. Never have, Mr. Undermyer. Q. I am talking about now, not about the past. This committee feels greatly concerned at the attitude of yourself and Mr. Dinkey in your testimony of yesterday. A. I am very sorry they do. Q. They feel you have not been frank with the committee. A. I won't characterize the point of view of the committee on how they feel about it. Q. Do you know how many shares of stock of the Republic Steel have been dealt in in the last couple of weeks? A. Certainly not. Q. Do you know how many shares have been dealt in as compared with the dealings of last year in the same stock? A. I do not. Q. The preferred stock of your company has taken quite a jump, hasn't it? A. I think it has advanced somewhat. Q. One of the conditions of this merger provides for the payment of past accumulated dividends on your preferred stock, doesn't it? A. Yes. Q. That cash is to be provided by Kuhn, Loeb & Co., isn't it? A. By the syndicate. Q. By Kuhn, Loeb & Co., who are the managers of the syndicate. They are bankers who are to provide the cash? A. Yes.

Topping Not in Syndicate. Q. Are you in the syndicate? A. I am not in the syndicate. Q. You are going to be? A. I cannot tell you, but I am going to do it. It may be many things. Q. You say Kuhn, Loeb & Co. are to raise a maximum of \$65,000,000? A. That is my understanding. Q. Of which \$24,000,000 is to be raised on preferred stock at 95 and \$20,000,000 on common at par, common stock at 50, less commissions and bonuses? A. So I understand. Q. Where is the other twenty million to be raised, on what form of security? A. No, security as far as I understand. Q. If I understand you it was to be sixty-five million? A. That is the cash syndicate fund. Q. People do not pay cash into a company until they are allowed to. That is not the way it is done. Q. Part of the syndicate fund, I believe. Q. What are they to get for it? A. What are they to get? Q. Yes, for the \$65,000,000. They are to get twenty million of common stock; what else are they to get? A. The syndicate buys outright at twenty-five and twenty. That is all they buy. Q. And they agree to supply twenty million dollars more? A. Not to the company. Q. To whom are they to supply it? A. I don't know. Q. What are they going to do with it? A. Such purposes as they want to use it for. Q. Don't you know it is to be used for dealing in the stock? That or other purposes; whatever their judgment might suggest. Q. It is to be used for trading in the stock, to make a market for the stock? A. It might be. Q. You know that, don't you; you have to make a market in a transaction of this kind? A. If there is no market there is no business. Q. If there isn't a market there is nothing doing anyway? A. No.

Not to Sell Plant. Q. Nobody will sell his plant; that is right, isn't it? A. Not necessarily. Q. You know perfectly well that you don't want a stock that is not marketable— A. I know perfectly well I am not going into the deal for the purpose of selling stock. Q. Mr. Dinkey of the Midvale Company pleaded ignorance of the pending completion of the merger when he was on the stand. He said that he and the directors of the Midvale had authorized W. E. Corey to conduct the negotiations and he did not learn that the deal had gone through until after he left the stand. Mr. Chadbourne and Mr. Topping will be asked today to produce the agreement with Kuhn, Loeb & Co. and also copies of the minutes of the meeting on Thursday by the executives of the Midvale, Republic and Inland Steel companies.

ENGLAND'S BIG LOCKOUT NEARING SETTLEMENT. Work in Engineering Industry to Be Resumed June 7. LONDON, June 2 (Associated Press).—In trade union circles it was stated to-night that complete peace in the engineering industry probably will be restored within a fortnight. At a meeting of representatives of most of the unions and employers to-night an agreement was signed whereby work will be resumed as far as possible on June 7. The engineering lockout has been in force for several weeks. Altogether upward of 866,000 men were made idle by the lockout. Forty-seven unions decided by a majority of 52,422 to accept the modified terms presented by their employers.

TELLS OF POTASH FOUND NEAR COX'S PROPERTY. Former Associate of Promoter Testifies at Trial. SPOON Dispatch to THE NEW YORK HERALD. Houston, Tex., June 2.—Earl C. Popp, a former vice-president of the Cox Realization Company, was the principal witness today in the trial of Seymour B. J. Cox, charged with the use of the money to defraud in the promotion of his oil enterprises. Popp said he told Cox that no potash deposits had been found in the Midvale well drilled by the company in west Texas, but on cross examination the witness testified about the discovery of potash deposits in wells on three sides of the Cox holdings and said he tried to coax that he believed the properties were valuable. The witness said that after severing his connections with the Cox Realization Company he purchased leases near the Cox holdings for himself.

DELORME, ONCE PRIEST, INDICTED FOR MURDER. MONTREAL, June 2.—Adelard Delorme must stand trial this month for the murder of his half brother, Raoul, an Ottawa University student, in this city last January. The Grand Jury of King's Bench Court, to-day returned a true bill, which corresponds to an indictment in the American courts. Wearing a semi-day attire, the accused idled away his time while awaiting the jury's verdict by chatting with his guard. At noon a car with a bouquet of flowers tied to the hood called to take him to lunch.

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Knickerbocker Ice is absolutely pure ice, made from 3 times filtered water and delivered in clean wagons, so is the ice to use for the table. Remember a drink can be no purer than the ice you put into it.

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