

THIRTY-NINTH YEAR

BISMARCK, NORTH DAKOTA, TUESDAY, FEB. 10, 1920

PRICE FIVE CENTS

STATE PROFITS "STAGE MONEY" SAYS PACKARD

Former Tax Commissioner Shows How Profits are Made Easily "On Paper"

CHALLENGE TO ANDERSON

North Dakotan Declares Minnesota Importation Can't Back Up Statements

"F. W. Cathro, Director General of the Bank of North Dakota, and W. A. Anderson, a Minnesota citizen who draws two salaries from the state of North Dakota, have explained all about the interest on the bonds of North Dakota, bank series, which is claimed as profit on the part of the Bank of North Dakota, and yet, I am not convinced," says F. E. Packard, assistant attorney general, in a statement given today to the press.

"Mr. Cathro explains at great length that these bonds, which were issued by the state of North Dakota and given to the bank, which yet holds them, have interest coupons attached and that these coupons must be clipped off and something must be done with them, so he carries them as profits in his profit and loss account and as an asset on his balance sheet. If Mr. Cathro must do something with them, I would suggest that he carry them on the loss side of his profit and loss account as interest due, as well as on the profit side, and that he carry them on his balance sheet as a capital liability as well as an asset."

STAGE MONEY
"They are neither an asset nor a profit to the state of North Dakota in any sense of the word. They are exactly the same kind of a profit as the interest on Mr. Cathro's note would be, made payable to himself upon which he credited himself every six months with accrued interest—it is simply a 'stage money' transaction. In order to make his account of interest any good, he would have to pay interest on the note which would be deducted on the other of one side and credited on the other of the profit and loss account. If he chose to carry it as a capital asset, then he would have to carry it as a liability as well."

"Mr. Anderson, the two-salaried gentleman from Minnesota, says that they have the coupons and that they could take them to the capital and demand money from them from the state treasury and get it, and enter it as a cash asset as interest received. If Mr. Anderson was running a real bank, subject to the banking laws of this state, and made that sort of a carry without carrying it on the liability side of his ledger, he would be liable to a term in the state penitentiary for making a false entry. Mr. Anderson says that it is because I don't understand bookkeeping and that it is because I am a 'novice' that I made the ridiculous mistake of supposing that when the state of North Dakota pays out \$46,019.64 and receives back \$45,078.45 that there is a loss of \$941.19 instead of a profit of \$45,078.45. I must be a novice all right. I can't get the vision."

"Mr. Anderson further charges that I arrived at my deficit on the Drake mill by including in its running expenses items which they had already taken into account as mill expenditures. These items appear as expenditures under the Mill and Elevator Association report. It is the public to understand that these expenditures have been twice deducted, once in the Drake mill account and once in the mill and elevator account? If this is true, then the profit account of the Drake mill should be increased by the sum of these items."

IS DEPRECIATION ALLOWED?
"Moreover, there is absolutely nothing to indicate that any depreciation has been allowed on the Drake mill on interest on the capital or taxes allowed. Before the state can break even on the Drake mill, it must make a fair return upon the capital invested, proper depreciation must be charged, and what the state would receive in taxes must be taken into account. Will Mr. Anderson furnish the public with an itemized statement of the profit and loss account of the Drake mill including every item of expense and profit? He will not. He dare not. It would show a much heavier loss than I indicated in my opinion if his books were kept as the books of a private corporation are kept, and not faked to deceive the public."

TO WORK NEW RITUAL
The new ritual of the Royal Arch Masons will be exemplified for the first time in the capital city this evening, when Bismarck Chapter No. 10 will have work in the Royal Arch degree.

GERMANY PREPARES LIST OF ALLIED "TERRIBLES" AND ASKS SURRENDER
Berlin, Feb. 10.—Germany is preparing a list containing the names of allied soldiers and high officials who are accused by the Berlin government of violations of the laws of war and plans to submit it as a counter proposal to the demand of the allies for extradition of Germans who are alleged to be war criminals.

CONSIDERATION OF PACT AGAIN BEFORE SENATE

Republicans and Democrats Join Forces in Bringing Treaty Back

Washington, Feb. 10.—Consideration of the treaty of Versailles was resumed in the open senate Monday, republican and democratic leaders joining forces to bring it back for debate. The decision was reached without debate, the senate adopting overwhelmingly a motion by senator Lodge, republican leader, to reconsider the vote by which the treaty was laid aside last November and with the pact formally before the senate, Vice President Marshall ruled that it brought back with it the cloture imposed before the November vote.

APPOINTMENT OF PAULSON IS NOT LEGAL, CHARGED

Judge Nussle Refuses to Confirm Naming of Deputy Examiner

DECIDED MARCH 2 HERE

Judge W. L. Nussle of the district court here refused Saturday to confirm the appointment of H. O. Paulson as deputy state bank examiner in ouster proceedings brought against Paulson by the attorney general's office. Paulson was appointed to the position by O. E. Lofthus, state bank examiner, but the appointment has never been confirmed by the banking board. The action was brought to remove Paulson from the state bank examiner's office. Paulson was appointed to the position by O. E. Lofthus, state bank examiner, but the appointment has never been confirmed by the banking board. The action was brought to remove Paulson from the state bank examiner's office. Paulson was appointed to the position by O. E. Lofthus, state bank examiner, but the appointment has never been confirmed by the banking board. The action was brought to remove Paulson from the state bank examiner's office.

BISMARCK FIRM DEFENDS CLAIMS AGAINST "SOO"

Important Litigation Argued Before Supreme Court of United States

Andrew Miller and Alfred Zuger returned Monday from Washington, D. C., where they argued in the United States supreme court two important cases removed from the North Dakota supreme court on a writ of error. In one of these, in which Miller, Zuger & Tillison represented the Washburn Lignite Coal Co., the Soo line presented a claim for a premium of \$30,000 which it claimed due as a result of the alleged fact that from 1907 to 1915 under an intrastate freight rate which the courts subsequently held to be insufficient. In the other case, C. L. Merrick & Co. of Minneapolis, who own extensive interests in North Dakota Soo line points, brought suit to recover alleged overcharges in freights amounting to a considerable sum. The Bismarck attorneys won both of these cases in the North Dakota courts.

QUEEN CITY STRONG FOR BIG NEW SCHOOL

Dickinson, N. D., Feb. 10.—Out of a total of 220 votes, only 22 were recorded against the issuance of bonds for the erection of an \$80,000 grade building in the Dickinson school election. F. W. Keith, a Bismarck architect, is drawing plans for the new building, which will be located on the east side. Work will begin in the early spring.

JAPAN SUFFERS THREAT OF RED FLOOD IN NORTH

Siberian Bolshevik Capture Alexandrovsk, Capital of Island of Sakhalin

CITIZENRY IS IN REVOLT

Reports of Uprisings Reached Tokio Saturday—Evacuating Town

Honolulu, Feb. 10.—Siberian Bolsheviks have captured Alexandrovsk, capital of the island of Sakhalin, and fear is felt that the radical forces may enter Japan proper according to a special cable dispatch from the Tokio correspondent of a Honolulu Japanese language newspaper. The Japanese government is negotiating with the Alexandrovsk authorities for the evacuation of the Japanese population from the city the cablegram said.

RAILWAY MEN MAY STRIKE FOR HIGHER STIPEND

More Than 300,000 Men Involved; Several Hundred On Roads Here

Detroit, Mich., Feb. 10.—A strike of 300,000 members of the brotherhood of maintenance of way employees and railway shop laborers was called for Tuesday, February 17, at a meeting of the general chairman of the brotherhood here today.

MAY TIE UP LOCAL LINES

The tentative strike of maintenance of way employees involving about 500 men on the Dakota division of the Northern Pacific and an equal number on the Soo division here which is scheduled to go into effect February 17 may seriously hamper, if not temporarily tie-up the movement of the freight and passenger trains through and out of this city. The strike was called yesterday by the brotherhood officials and will include practically every railroad in the country if the call is carried out.

The men on the Soo railway here, affected by the strike order, were not aware of the action taken by the chairman at the brotherhood meeting at Detroit, Mich., Monday. It is said they had no voice in the decision as the strike vote was not referred back to the various locals. The brotherhood officials have been holding a conference with Walker D. Hines, federal railroad director, at Washington in an effort to reach a compromise.

WANT NEW BALANCE STRUCK

The men included in the strike order are the building men, section hands and bridge men. The strike slogan is "Higher wages or lower living." It is said in railroad circles that the minimum wage paid these class of labor is \$3.45 a day, but that the men declare they cannot live on present wages.

No official notice of the strike had been received here by either railroad officials or members of the union up to last night.

HAYWARDS FORCED TO LEAVE SLOPE

Beach, N. D., Feb. 10.—Continued ill health has forced T. E. Hayward, one of the most promising young bankers and business men of the slope, to seek a lower altitude, and he has disposed of his interests here and will in a short time go to Philadelphia, where he intends to make his home.

VILLA BAND READY FOR NEW KILLINGS

Chihuahua City, Mex., Feb. 10.—Francisco Villa's personal command of approximately 5 or 60 men was reported recently as operating near his former headquarters at Satevo, Chihuahua. The rebel leader was believed to be planning some coup against what he might consider a vulnerable spot in the federal defenses.

Some other bands of his followers were said to be scattered near Parral, Santa Barbara, and in the Palomas mountains near Ojinaga. Justus Rodriguez, chief of a band of rebels operating near Jimenez, Chihuahua, was shot recently in an encounter with the home guards of that city, where his body was later placed on exhibition, it is reported.

NINE-YEAR-OLD SHOOTS SISTER

Lehr, N. D., Feb. 10.—Annie Hildebrandt, the four-year-old daughter of Mr. and Mrs. John Hildebrandt, residing nine miles south of Lehr, was almost cut in two by a charge of buckshot from a Winchester shotgun in the hands of a nine-year-old foster brother, who did not know that the gun was loaded. The lad ran away following the tragedy and a posse searched the open prairie for hours before he finally was located and returned to the Hildebrandt home.

KOSITSKY CASE AGAINST DAKOTA BANK IS ARGUED

Cathro et al Asked to Show Cause Why Business Should Be Secret

The Bank of North Dakota, through W. A. Anderson, Minneapolis park-board secretary of the state industrial commission, and Les Simpson of Dickinson, devoted the morning to an endeavor to convince the supreme court that the bank and its affairs are no business of the public, and that State Auditor Kositzky and the other duly elected or appointed auditing officers of the state have no right to pry into the affairs of the institution in which some \$20,000,000 of the people's money is deposited.

The action is an outgrowth of an effort on the part of the state auditor to carry out instructions of the state banking board, demanding that he make a thorough examination of the Bank of North Dakota, following the discovery in the files of the Scandinavian-American bank of Fargo, then in the hands of a receiver, of a copy of a letter which Cashier Sherman had written the Bank of North Dakota submitting a big batch of postdated checks and similar paper as collateral for a loan of several hundred thousand.

Kositzky took possession of the bank when its officers were absent, but he had not made much progress with his examination when Cathro, after a council of war with Nonpartisan league chieftains, served notice on the state auditor that the investigation could not proceed. The state auditor tried to force Judge Nussle in disingenuous fashion for an order permitting the examination, and the action was brought to supreme court on an appeal.

Assistant Attorney General F. E. Packard is acting for the state in this matter.

HOOVER LOOMS AS BIG ISSUE ASSERTS TAFT

Former President Says Food Administrator May Split Republican Party

NATIONS LEAGUE IS CRUX

Duluth, Minn., Feb. 10.—Herbert Hoover and the league of nations are likely to exert considerable if not decisive influence in the presidential election, in the opinion of William Howard Taft here today. Mr. Taft said that "Mr. Hoover is very popular in some quarters and there is no doubt that he is popular with the women."

"Mr. Hoover has declared that he is with the party which supported the league of nations," Mr. Taft said. "Now should he be nominated by the democrats and if the republicans chose to make the league an issue there is every reason to believe that many republicans will consider it paramount to their duty to the republican party. It follows that Mr. Hoover would poll many republican votes. I will not go so far as to say that this situation would result in splitting the republican party, but it certainly would cost the republican party many votes. It might spell defeat instead of victory for the republicans in the presidential contest which the republicans are so hopeful of winning."

COLONIZATION OF MARMARTH TRACT WILL START SOON

Marmarth, N. D., Feb. 10.—H. O. Tate of Kansas, who last fall purchased 4,500 acres of ranch land south of town, has turned over his holdings to Col. J. F. Jefferson of Springfield, Ill., for a consideration of \$110,000. Col. Jefferson has invited in the tract as a colonization project, with a view to bringing settlers here from Iowa in the spring. The land includes the old Brown ranch, the Criger dairy farm, the Bert Griggs home-stand and the Floyd Simpson section. Much of it is bottom land, lying adjacent to the Little Missouri and subject to irrigation.

TOTTEN MAKING WAR ON HAGAN; LEAGUE SPLITS

Head of Board of Administration and Member Break Over Macdonald

WORKER BUREAU IN ROW

Lawyer Commissioner Said to Be Running Things to Suit Himself

There is said to be considerable lack of harmony among some of Governor Frazier's boards and commissions at the state house. It is common gossip in league circles at the state house that a growing feud between Commissioner of Agriculture John N. Hagan and Rev. George A. Totten, chairman of the state board of administration, has developed into an open breach, as a result of which Totten has formally declared war on Hagan who ranks at least second in importance in the Nonpartisan system. A similar state of affairs is said to exist in the workmen's compensation commission, where there is alleged to be growing resentment on the part of Commissioner S. S. McDonald and Mr. Hagan over an apparent disposition of Laurens J. Webe, the lawyer member of the board, to carry matters with a high hand. It was recently in the resignation of John B. Brown, who had been secretary. To Brown's disagreement with Webe, the former is said to have had the support of Commissioner Hagan. Strength would appear to be given this contention by the fact that Mr. Hagan immediately secured a place for Brown as business manager of the Grand Forks American, of which Hagan is president.

MACDONALD CAUSE OF SCRAP
Nell C. Macdonald, whose resignation was reported last week by the board of administration, is said to be the bone of contention between Totten and Hagan. Totten insisted that Macdonald remain, while Hagan, said to hold Macdonald in personal disfavor as well as regarding him as a political incubus, demanded that the board cease to shoulder this burden on the league.

Hagan appears to have won his point in this instance, and, following a stormy meeting, Totten is said to have stormed into his office and to have dictated a fiery declaration of war, which he immediately served on Hagan. Towner is believed to support Hagan's side of this controversy. It was reported during the last state campaign that Towner regarded Macdonald as a liability and that he would gladly have dropped him. It was upon this question that Frazier is said to have displayed one of his rare streaks of independence. He insisted, it was reported, that if Macdonald was not taken care of, he, Frazier, would kick up an unholy row beside which the insurrection of Langer, Hall and Kositzky would be a very tame affair. Towner appears to have taken this alleged threat seriously, as Senate Bill 134, penalizing Miss Minnie J. Nielson, who had humbled Macdonald, and making a place for the latter, was forced through the senate in less than a year ago, in spite of the fact that Towner and all of his advisers realized that this measure was a mighty poor piece of politics.

S. B. 134 PROVES BONER

The effects of Senate Bill 134, creating a state board of administration and depriving the state superintendent of public instruction of most of his powers, have been all that was predicted and more. This measure and the persistence of Miss Nielson at the hands of the board of administration are credited with the defeat of the league candidate in the senatorial contest in Towner county last November and with the loss of Nonpartisan prestige in other parts of the state. The decapitation of Macdonald at this late date is regarded as a confession upon the part of the league that its attitude toward Miss Nielson is untenable, and it is believed to be the beginning of a change in front on the part of the Townerites so far as the state superintendent of public instruction is concerned. It has been suggested in the league press that the Nonpartisan state convention should endorse Miss Nielson for reelection and refuse to nominate any candidate in opposition to her.

The state generally is less interested in the workmen's compensation bureau squabble, although the result of this fracas is expected to be delay in the handling of claims. C. A. Marr, acting secretary for the board, advised the attorney for a claimant a few days ago that his case, although this man was injured the first week in last September, could not be heard before the middle of March, so great it was stated, was the accumulation of business.

ARE BACKING HAGAN

Those on the inside are backing Commissioner Hagan to win. He has an unusual amount of strength with the bonafide farmer membership of the league. He has not appeared to be so radical in his views as some of the men who Towner picked for public office, but he has been very devoted to the league "programme" and he has made, it is contended, an unusually able commissioner of agriculture. Next to Frazier he is regarded as easily the strongest man politically in the league organization.

DARING DAYLIGHT ROBBERY IN MILL CITY NETS \$9,000

Employees in Offices of Metropolitan Milk Co. Held Up By Three Bandits

Minneapolis, Minn., Feb. 10.—S. E. Clark and Harold Brown, employees in the office of the Metropolitan Milk Co., were held up and robbed of \$9,000 in checks and cash belonging to the company shortly before noon Monday in one of the boldest daylight holdups ever staged in Minneapolis. The three men who participated in the holdup made their escape in an automobile which they had left standing opposite the company's offices in front of which the robbery took place. It is believed by the police the bandits drove in the direction of St. Paul. Clark and Brown were about to leave in an automobile to deposit the money in a bank when they were held up.

LABOR TO ENTER POLITICS; ISSUES ITS MANIFESTO

Proclamation Declares It Has Been Scorned and Misrepresented in Congress

WOULD DEFEAT ENEMIES

Washington, Feb. 10.—Organized labor's proclamation of its entry into politics, call to "all lovers of freedom to marshal their forces in defense of their rights and ideals" and to all trade unionists and their friends to unite in defeating those seeking office who are hostile or indifferent to the rights of labor today was being sent broadcast over the country. The declaration issued officially by the American Federation of Labor after reciting what it terms sane efforts to secure remedial and constructive legislation to the interests and welfare of the toilers denounced congress for its "failure to do its duty and its repression of labor."

"Scorned by congress, ridiculed and misrepresented by many members of both houses," the announcement said, "the American labor movement finds it necessary to apply vigorously its long and well established nonpartisan political policy. The American Federation of Labor announces its determination to apply every legitimate means and all of the powers at its command to accomplish the defeat of labor's enemies who aspire to public office whether they be candidates for president, for congress, for state legislator, or any other office."

FARM SOCIETIES NOT WITH LABOR POLITICAL MOVE

Representative of National Grange Declares Policies Not Approved

Washington, Feb. 10.—Farmers' organization will not join the American Federation of Labor in its nonpartisan campaign this year, according to T. C. Atkeson, representative of the national Grange which has 770,000 members. Mr. Atkeson said today his organization had decided not to support organized labor's political activities and pointed out that representatives of the Grange, National Farmers' union, International Farm congress and National Milk producers' federation recently met here and formulated a platform of principles, but decided that individual members should be allowed to exercise their rights of personal preference in voting.

BORDER PERMITS TAKEN AWAY FROM USERS OF DRUGS

Juarez, Mex., Feb. 9.—Twenty-seven border permit cards, allowing Americans to cross from El Paso to Juarez, were revoked by the American consulate here during the month of December, 1919. Seventeen cards were revoked during the previous month. The chief causes for the forfeiture of these border cards were drunkenness, fighting and drug habits on the part of the holders.

FORMER CROWN PRINCE WOULD GIVE HIMSELF UP TO SAVE HIS PEOPLE

Amsterdam, Feb. 10.—Former Crown Prince Frederick William of Germany, has offered to give himself up to the allies in place of hundreds of Germans demanded for extradition on the list recently submitted to Berlin according to a telegram purporting to have come from him, published in the Handels Blade of this city. The telegram addressed to the kings

LEXINGTON AN ARMED CAMP AS NEW DAY DAWNS

Soldiers Who Saw Service at Chateau Thierry Patrolling Streets

TROOPS RUSHED TO SCENE

Further Efforts to Lynch Negro Assailant of White Girl Feared

Lexington, Ky., Feb. 10.—Dawn today found Lexington an armed camp. Squads of armed soldiers who saw active service at Chateau Thierry were patrolling the streets or guarding all approaches to the city to prevent a recurrence of yesterday's mob violence which cost the lives of five persons and caused injury to a score of others. William Lockett, negro slayer of 10-year old Geneva Hardman, a school girl, was confined in a steel cage in the Fayette county court house here awaiting removal either to the state reformatory at Frankfort, or to the prison at Eddyville.

It was an attempt to lynch Lockett yesterday that caused the rioting. MORE TROOPS SENT

Additional troops were rushed to the scene from Camp Zachary Taylor during the late afternoon and martial law was declared by Brigadier General Marshall upon his arrival. "I don't know why I did it," the negro is quoted as having said in a statement prepared for the jury which convicted him yesterday. Lockett threw himself on the mercy of the court. But one witness, a neighbor of the dead girl's father, was placed on the stand by the state. The witness identified the stone with which the girl's head had been crushed. The juryman returned their verdict without leaving their seats.

NEGRO WAS IN ARMY

Lockett is about 33 years old and served in the army for eleven months at Camp Taylor. Business was being conducted as usual here today, despite the presence of the troops.

Death last night of J. M. Rogers, 61, a farmer, shot during the rioting brought the death toll to five.

CONVENTION IS NOT INTERESTED IN COUNTY ROW

Burling County Republicans Occupy Themselves With National Affairs

The Burling county republicans who gathered at the court house at 2 this afternoon in response to a call from members of the republican state central committee are not interesting themselves in county politics. The principal business of the afternoon, as specified in the call, will be the selection of twelve delegates to the state convention which will be held here one week from today. It is probable that the convention also will adopt resolutions demanding a return to genuine republican principles and condemning demagoguery and radicalism in state and national politics.

It seems doubtful whether there will be anything more than an informal discussion of state candidates and issues. The convention is made up of republicans who are irrevocably opposed to Townleyism, but it seems probable that the county meeting will leave an expression on this occasion for the state convention next week. This afternoon's meeting did not bring out a large attendance, but it was representative. Similar conventions are being held in every county in the state today.

EDDY FOR LANGER

New Rockford, N. D., Feb. 10.—A resolution recommending to the republicans and democrats of the state that they join in supporting Attorney General William Langer for governor in opposition to the Nonpartisan league candidate was adopted at the republican county convention of Eddy county held yesterday.

PLAYS JAMESTOWN

The Bismarck high school basketball team will play the Jamestown five at Jamestown on Wednesday night. There had been some doubt as to whether this game would be played because of the ban placed on all gatherings due to influenza, but the restrictions were removed Sunday morning.

of England, Belgium and Italy, the presidents of France and the United States and the Emperor of France says: "As the ex-crown prince I wish to take the place of my countrymen. If the allied and associated governments desire a victim let them take me instead of the 900 Germans who committed no other crime than to serve their country in war."