TWO BIG FIRMS OF BROKERS ARE FORCED TO THE WALL

Talbot J. Taylor & Co., Keene's Agents in Losing Fight Against Harriman, and W. L. Stow & Co., Manipulators of Mexican Central Stocks, Suspend Business

SENIOR MEMBERS OF SUSPENDED FIRMS AND VETERAN BROKER FOR WHOM ONE WAS AGENT.

NEW YORK, July 24.—The announcement on the Stock Exchange late this afternoon of the suspension of the firms of Talbot J. Taylor & Co. and W. L. Stow & Co. was the sequel to a period of exciting selling of stocks and wide outside prices which has not been equaled before since the present movement to liquidate set in. There is nothing in either failure that can be traced to business or industrial conditions outside the Exchange, the case lying close to a diagnosis of speculative collapse. Both firms have been largely concerned in speculative stock market pools formed for the purpose of taking on a line of stocks, sustaining their price by supporting orders, real or manipulative, and seeking to realize profits by selling out to outsiders at a high price. Street operators have suffered from increasing difficulties with the growth in the stringency of money, the solicitude of bankers over loans employed in such projects and the jaded appetite of the public for securities.

The failure of Talbot J. Taylor & Co. will inevitably be connected with the great market operations of James R. Keene, by reason of Keene's family connections with and frequent employment of the firm. Keene's operations in stocks are too numerous to detail and much mystery usually attaches to them necessarily from their nature. But the market management of the United States Steel stocks on behalf of the syndicate and the conduct of a Southern Pacific pool are the operations with which his name are most notably connected. The accumulation, according to common belief, of 300,000 shares of Southern Pacific and the lifting of its price above 80 were based upon the assumption that Southern Pacific bonds were to be issued for that road's work of improvement and the net earnings applied to dividends. Talbot J. Taylor & Co., as representatives of the pool, felt themselves powerful enough to challenge the Union Pacific party's refusal to adopt this policy and carry the quarrel to the courts. The animosities and resentments engendered by that quarrel are supposed to have added to the weight of the firm's difficulties and to have aided in bringing it down.

The Stow failure was announced shortly before 2 p. m. and that of Taylor & Co. followed within less than ten minutes. The Stock Exchange was crowded, as it had been all day, with brokers, many of whom in recent months had been more conspicuous by their absence from the board, but who were regular in their attendance this week because of the gathering financial storm. The visitors' gallery of the Stock Exchange held an excited throng of strangers.

The floor was the scene of wild excitement all day. A tip that something would drop before the close of the market had gone around. The hush that fell as the official announcements were made was broken only by the ill-suppressed buzz of brokers, who gathered groups and listened intently to the words of the chairman, perched in his little white marble balcony.

Then followed a wild scramble all over the rooms. A thousand telephone bells rang and almost as many uniformed messenger boys seemed to leap out on the floor and scurry in all directions. The excitement subsided only with the clang of the huge gong which marked the closing of the market. While many a sigh of relief went up, there was also dread of to-morrow.

To those who were in the "know" the Stow failure caused little surprise, but the Taylor embarrassment was really unexpected. Much had been said of the firm's affairs in the last two years and in its operations in Southern Pacific, Metropolitan Street Railway and certain other stocks still fresh in the minds of those who follow the market. The "street" and many visitors understood the Taylor-Keene connections. Talbot J. Taylor is J. R. Keene's son-in-law. His brother, James B. Taylor, and Foxhall P. Keene, son of James R. Keene, constituted the firm.

It was the veritable "black Friday," although the market rallied very decidedly at the close and the general situation in the minds of some was much improved, the great many persons having interests in the street went home in anything but a cheerful frame of mind.

It was freely predicted that trouble even more serious was impending. From trustworthy sources it was learned that three or more commission houses had been "squeezed" almost to the bursting point.

Contracts made to-day hold out till Monday, which may enable embarrassed individuals to get their second wind.

The best indication is that the insolvent firms had comparatively few outstanding commitments, and these, it is believed, were settled privately on the floor.

It is said that a prominent international banking house, with important railroad interests in Mexico, bought liberally to-day of Mexican Central.

Report says that Taylor & Co. sold privately to a large banking interest, which it some time ago antagonized, 40,000 shares of Southern Pacific.

A great deal of interest was manifested in Wall street as to the cause of the suspension of T. J. Taylor & Co., and to what extent, if at all, James R. Keene was involved in it. The general belief in the street was that Mr. Keene had no connection, but that he refused to come to the relief of his son-in-law. There was no confirmation of this notion, but it is based on the following story:

Last summer Talbot J. Taylor was reported to have had a falling out with his father-in-law, arising out of reported purchases of Southern Pacific by Taylor on his own account, independently of the pool which Keene was running in that stock. According to the story, Keene was angry when he discovered the fact. With the break in the stock market last October Southern Pacific declined severely and it was asserted in some quarters that Taylor was among the losers. Since that time Keene has not been much in the office of T. J. Taylor & Co., but this probably was due to the fact that he was ill at his hotel.

Foxhall Keene, who is an international sportsman, is a special partner in the sum, it is said, of $250,000. He is now abroad. His father was at the latter's office to-day, but denied himself to all but a few close friends.

The effect of the Taylor failure upon James R. Keene's personal affairs is purely a matter of conjecture. According to some reports the veteran operator is heavily involved, and according to others, scarcely at all. There are many who believe that the Taylor failure is directly due to the bad blood stirred up by the firm and Keene in the Southern Pacific and Metropolitan suits. In fact, it has frequently been said that the Harriman and Whitney interests would not be satisfied with anything less than the scalp of the Keenes and Taylors because of these episodes.

The firm of W. L. Stow & Co. (W. L. Coolidge) was organized in 1899 and has been known almost ever since as the stock market representatives of the Mexican Central Railroad. The firm's manipulation of Mexican Central securities was frequently a matter of general gossip. Mr. Stow is well known in club and social circles and has had a handsome country estate at Great Neck. He is a prominent automobolist. His partner, Coolidge, is very popular on the exchange and much sympathy was expressed for him to-day.

Almost 76,000 shares of Mexican Central were dealt in to-day, the stock selling down violently from 19 to 11 and closed at 12¼, a net loss of 6½ points. The first income bonds declined more than 5 points. During last year's bull movement Mexican Central stock sold as high as 31⅛.

The Mexican Central Railroad Limited of Mexico was incorporated February 25, 1880, under the Massachusetts law and holds a Mexican charter and subsidy. Its main line is from Mexico City to Juarez, a distance of 1224 miles.

In March, 1901, a syndicate, headed by H. Clay Pierce of St. Louis, acquired a majority of the stock, the amount of which outstanding at the time was about $48,000,000. In January, 1902, the company issued $10,000,000 collateral trust five-year 4½ per cent bonds, secured by $16,129,000 consolidated 4 per cents, held in the treasury, the proceeds of which were used for the retirement of $6,000,000 worth of notes issued in payment of the Monterey and Mexican Railroad.

The balance was used, according to report, for the extension of the Monterey road.

The Mexican Central Securities Company Limited was founded in 1899 to acquire the 4 per cent consols of the Mexican Central Railroad, "and to issue in their place two classes of securities."

Several prominent Englishmen, including Lord Hollingdon and Lord Revelstoke, were among the original trustees of the securities company.

The appended statement was issued at the office of Taylor & Co. this evening:

Talbot Taylor & Co. have this day executed a general assignment for the benefit of creditors to Philip J. Britt and he has accepted the assignment and has taken charge of the property and assets of the firm.

The assignment of the firm is due to their inability to liquidate the stocks which the banks held for their account. All banks having loans with them are well protected, but inability to liquidate the stocks so held has caused the suspension, which it is hoped will be temporary if the banks take the reasonable view that by waiting gradual liquidation can be effected without disturbance to the stock market. The largest unsecured creditor of the firm is Mr. James R. Keene.

Efforts to ascertain the amount of the firm's indebtedness to Mr. Keene were unsuccessful.

The assignee is a prominent Tammany politician and is well known as a close friend of Keene.

To-day's failures on the exchange were the first since May 5 last year. That day three firms, all of them involved in the Webb-Meyer syndicate, went under. Two resumed business.

No statement of Taylor & Co.'s assets and liabilities has been made, but from the president of a leading bank it is learned that the liabilities may be well on to $6,000,000. Estimates of Stow & Co.'s liabilities range from $1,250,000 to $2,000,000.

They Are Engaged,

And their invitations, when sent out, will be correctly engraved. The size and tint of stock will be the newest. The engraving itself will be well and reasonably done by Sanborn, Vail & Co., 741 Market street.

Of Interest to Pacific Coast.

WASHINGTON, July 24.—Postoffice established: Washington—Evans, Stevens County, Margaret Hutchinson, postmaster.

Postmaster commissioned: Washington—John E. Youngblood, Holly.

Fourth class postmaster appointed: California—John Warner, Warnersville, Stanislaus County, vice Michael Kinsar, resigned.

Howard's Death Reveals Plot of Bitter Enemies

Continued From Page 1, Column 1.

On February 21, 1902, Coholan wrote to Howard saying that "his clients were prepared to purchase the claim on the Indian River on the terms asked, providing that an investigation of the claim proved that it was as valuable as represented."

"John H. Mangham of 49 Wall street, New York City," also appears to have been interested in the purchase of Howard's land. During February, 1902, Mangham wrote letters to Howard saying he would do all he could to help Howard sell the claim to Coholan.

The correspondence then shows that there was a slight delay in carrying out the purchase of Howard's mining claims. According to some of the letters Coholan had doubts that Howard's title to the property was a clear one and it is suggested that Howard go to Ottawa, Canada, and secure proof of his title to the claim from the Canadian Minister of the Interior.

On April 14, 1902, a letter was sent from the Department of the Interior at Ottawa, Canada, to Barrister Chrysler of that city stating that the mining claim on the Indian River had been leased to Captain Howard and that no lease for the property had been issued to any other person. The department also wrote that the assignment of the claim by Howard to Coholan had been approved and entered on the records.

Coholan seems to have reached an agreement with Captain Howard on March 22, 1902, when a compact was entered into whereby the New York financier was to put up a certain sum as a guarantee of good faith and pay the expenses of Captain Howard and a mining expert to the Klondike. If it was demonstrated that the property was not what its owner claimed it to be Coholan was to have the privilege of a right of sale.

The expert chosen was George L. Taylor of 14 West Twelfth street, New York. With him Captain Howard left for Dawson, arriving there on June 24.

SUSPICIONS AROUSED.

From the correspondence both in writing and in cipher telegram which passed between Captain Howard and his attorney during the next few months it becomes evident that the former thought himself the victim of a gigantic fraud, the result of which would be to rob him of his concession. That his belief was well founded is attested by letters from legal advisers. His first suspicions found vent in a letter written to Attorney Clay in New York on July 26. It is in part as follows:

"I had been looking forward to receiving some word from Coholan when on the 23d I said to Taylor, 'As you know, I have not sent word of any kind to Clay. I think I must do so, as all this delay means unnecessary delay.' He at once said to do so. I said: 'Well, then, you must let me know the nature of your letters and telegrams to Mr. Coholan.' He replied that he had not kept a copy of the letters.

"I asked him to let me see his instructions from Mr. Coholan, and to my surprise he said that he had only received oral directions. When I find Taylor here without instructions of any kind and that it appears that he keeps no record of anything he does I am naturally very anxious."

Captain Howard's diary shows that Taylor's reports to him of the property on Indian River were reassuring. But that the mining engineer was sending reports of a far different nature to Coholan, the New York manager, became apparent when Attorney Clay sent the following telegram of the date of July 29 to Captain Howard:

"Taylor reports no gold whatever on property. Better send immediate explanation."

HOWARD GETS DESPERATE.

The distracted owner of the concession, realizing that he was the victim of double dealing, immediately forwarded the following telegram of July 29 to Clay:

"Do not understand alleged report which is false in every particular and the statements in report are lies of Taylor's. Notify Coholan that his notice is premature as Taylor has not, as he admits, had time to examine property sufficiently."

Meanwhile Captain Howard had been assured by E. H. Bennett, a mining expert at Dawson, that the property was of great value. He reported that the hydraulic tests which he had made showed the highest average of $4 50 per cubic yard.

It became evident that Coholan and his associates meant to take advantage of expert Taylor's adverse report to bring suit for the property on the ground that the owner had misrepresented its value. A letter from Clay dated July 30 warned Captain Howard of this as follows:

"Yesterday I called to see Mr. Coholan pursuant to your request. He read me telegrams and letters received from Taylor and they were to the effect that your property contained no conglomerate whatever, that it was worthless, and that the ignorance which you displayed concerning your property was colossal.

"Coholan is very much exercised over the outcome of this matter and charges you with obtaining money under false pretenses. He even threatens to have you indicted if you come back to New York.

"It seems to me that Taylor is not giving you the same information in regard to his investigations as he is giving Coholan. I understand Taylor is examining other gold mining property in Yukon Territory besides your own for Mr. Coholan and his associates. I would advise you by all means to ascertain exactly what he is doing there, as it may have an important bearing on your business."

This letter awoke Captain Howard to a sense of his peril and in a reply, dated August 25, he stated that he had more than one danger to fear. He wrote:

"I can't believe it possible that I have been associated with such a scoundrel.

"You will see the whole game in this; it has been a put-up job from the beginning.

"I write this merely to show you what a jackass I have had with me. Now that I have found him out, I won't spare him. But he has already killed one man, and I do not intend giving him a chance of drawing his gun on me.

"I am worried, as you can understand, but won't be swindled out of a property that is of immense value."

HIS SUSPICIONS SUPPORTED.

That Captain Howard's opinion of the fraud being practiced on him was shared by others is shown by the following letter from F. Congdon, an attorney of Dawson:

"From what you state and from the conversation of Mr. Taylor at the house of Mr. Lithgow, I am quite satisfied that no such examination of your property has been made by Mr. Taylor as would entitle Mr. Coholan to exercise the power of sale contained in your agreement. Such sale can be restrained, and that, too, without imparting into the contest anything regarding the suspicions you entertain that the affair has been from the first conducted on behalf of Mr. Coholan with the direct object of doing you out of your property.

"The question now is, How are you to guard yourself against the exercise of the power of sale vesting in an innocent purchaser of the property covered by the agreement?

"I would notify the Minister of the Interior and endeavor to stop ratification by him of any sale made under the power until you had an opportunity of submitting to him evidence of the treatment to which you have been subjected."

Here the mute testimony to the struggle which was going on for the possession of the rich concession ceases. The scene of the drama as displayed by the letters shifts to San Francisco.

Pawn tickets for various articles of jewelry, pathetic entries in the diary of petty expenditures and a host of despairing letters from his wife, tell the tale of Captain Howard's heroic fight against the odds which opposed him.

On June 6 he met J. J. Hassell of the Hassell Auditing Company and interested him and J. B. Treanor, of 501 Montgomery street, in his rich concession. Of his dealings with Captain Howard Hassell said yesterday:

"I met Captain Howard on June 6 and met his schemes with approbation. We had several conferences and finally I told him that if he could give us an expert's opinion on the property we would probably start a company.

"But he had a haunting fear of some people, whose names he would not reveal, who he said were trying to get his property away from him.

"He was afraid to stay away from his concession and wanted to get back as soon as possible. I believe Mr. Treanor gave him the money to get his ticket with and about $175 besides.

"His fears perplexed me. On the night of July 4 we were walking on the street together and he told me that he never went out at night without company.

"The last I saw of him was on Saturday, a week before his body was found. Then he said he was going to leave for Victoria that night. He seemed always in the best possible spirits and the rumor that he committed suicide I think without much foundation."

The Berkeley Coroner yesterday received the following telegram from J. M. Langley, Chief of Police in Victoria, which finally completes the identification of Captain Howard:

"Party found near barn answers description of Captain Howard, Englishman. Further description as follows: Lump right temple, third finger right hand bent and stiff; black mark on one finger near nail; light gray mixed hair; partly bald; about five feet ten inches; may have linen marks H3326, D112, HD112, 2316, 326, and steel rule in pocket; seal and crest of lion's head with arrow in mouth. If this answers wire me at once. His wife and daughter here."

J. B. Treanor and Rev. Edward Graham of 2419 Channing way viewed the body yesterday and declared it to be that of Captain Howard without doubt.

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LA JUNTA, Colo., July 24.—General Manager Mudge of the Santa Fe Railroad has been unsuccessful in settling the strike in the shops here.

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Planning a Mighty Timber Combine.

Continued From Page 1, Column 5.

secured title to about 100,000 acres in Western Oregon. These men—known for years as the lumber kings of the Middle West—have sought to perpetuate their names in the increasing industry farther to the west. They were shrewd, however, to realize that the time was not ripe for beginning operations on their new lands, because the price of timber has been steadily advancing and the Government statisticians have been sending out figures that fully warranted the prediction that the top notch in prices had not been reached.

While these men were eagerly grabbing up all the available land in this and other coast States Harriman was figuring on the future and wondering what his lands in the far West would finally net him.

During his contemplation of the profits that his big railroad would some day derive a friend took the magnate into his confidence and unfolded a scheme whereing the greater part of the timber output of the West might be guaranteed to a syndicate for time indefinite.

Harriman, after mature deliberation, thought the scheme plausible and later, after a conference with other of his business associates, it was pronounced feasible. Then Weyerhaeuser was taken into the camp of the Harriman people, and through the lumber king, it is said, the plans were finally put into shape and considerably broadened.

The greater portion of the land in the West, valuable for its timber growth, lies either along the railroads leading to or down the coast or within an accessible distance from the great railway systems which are controlled by the Harriman and the Hill interests, and better still, the major part of this rich timber acreage is already owned by the roads. It was the shrewd foresight of the experienced Weyerhaeuser that suggested to Harriman the advisability of taking Hill into the scheme, for it was shown that without him the contemplated monopoly would never be effected, as Hill would at all times have a timber territory of his own with which to compete with and the prices would not be assured for any great length of time. Just what arrangement was entered into between Harriman and Hill no one here is able to say, but the story is that Weyerhaeuser accomplished the end desired and proceeded with the big project.

One of the first deals made by him is said to have been a transfer of six million acres of timber land in Washington to his company by the Northern Pacific, this about three years ago. This land lies between the Sound and the Columbia River and is rich in fir. Later Weyerhaeuser added to his possessions between two and three million acres of timber in Idaho, the majority of which was purchased from the Hill companies.

Weyerhaeuser suggested that it was time for Harriman to begin negotiating with other and smaller holders in the West who had been buying up land, and acting upon this suggestion the railroad president is said to have sent his agent, E. W. Eberlin, to the coast for that purpose. Eberlin arrived here several months ago and when in the city he has dwelt at the Palace. He has conducted his business quietly, dealing with everybody through a representative. In fact he has been so discreet that no one at the Palace has ever guessed that he is an agent of Harriman or any other great promoter. He has denied himself to all callers and has refused to make any statement to press representatives who have attempted to interview him.

According to the information that has come to light Eberlin has been working in a roundabout way toward securing options on timber land held by various Eastern people who purchased it since the boom in California timber began about three years ago. Among those whom Eberlin's agents are said to have approached with a view of securing options on their holdings is A. L. Hopkins, a resident of Pennsylvania, who owns 40,000 acres of sugar pine near Klamath, one of the most valuable tracts in the West; Dave Whiting, formerly of Detroit, who owns 100,000 acres in Oregon; C. A. Smith of Minneapolis, who has holdings in the sugar pine district above Sacramento and a large strip of fir timber in the southwestern part of Oregon; the Hammond Lumber Company, owners of the big tracts of redwood on the coast, and the Stewarts, who purchased what is known as the Scott & Van Arsdale interests in Northern Shasta County. Many of these owners refused to listen to the propositions of Eberlin's agents, but others are said to have put a price on their properties and they are now within reach of the Harriman representatives.

With the many minor holdings which Harriman and his associates may count on it is said that the plan is to merge the more valuable lands controlled by the Hill roads and the Southern Pacific into a trust. The Southern Pacific's principal holdings are represented in the grant of ten miles on each side of its road, lying between the southern boundary line of Oregon and a point south of Portland, and consist of about one million acres of fir and sugar pine. In his plan to place these lands in a pool Harriman does so conditionally, with provisions for the protection of the company's creditors, to whom all the lands of the company are pledged in security for its indebtedness.

With the lands of the Hill and the Harriman roads and those of Walker, Weyerhaeuser and others in Washington, Oregon, Idaho and California under control, Harriman and his associates will be in a position to dictate terms to nearly the entire world.

Sell at what price they may see fit, the traffic resulting from the cutting of the timber will be assured their roads and if the figures of the Government statisticians may be relied upon this monopoly will extend over a time indefinite. Since the Harriman folks began working out their plan for a combine the prices of California timber lands have been steadily advancing. The price of redwood land alone has almost doubled, and the demand has increased threefold. During the last three years the demand for California fir in the East has increased 50 per cent and the demand for sugar pine has increased proportionately. It is estimated by the Government officials that 3,000,000,000 feet of timber was cut in California, Oregon and Washington last year, and that the product still in sight in the three States is over 500,000,000,000 feet, which, allowing for an increased consumption every year, means that there will be timber to cut in the States mentioned for the next 100 years.

It is upon these figures that Harriman and his associates in the big deal are said to be making their calculations for an enormous revenue.

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