

SAN FRANCISCO, SUNDAY, NOVEMBER 18, 1906.

Constantini Says He Paid Tribute to Abe Ruef
George A. Newhall to Appear Before Grand Jury

NIXON'S MINING MERGER BUYS OUT RIVAL

Goldfield Consolidated Secures Combination Claims to Prevent Litigation
BIG DEAL CLOSED IN SAN FRANCISCO

Acquired Property May Be Ultimately United With Purchasing Corporation

As the result of a series of meetings held in the parlors of the St. Francis Hotel, Senator George S. Nixon and George Wingfield, who a few weeks ago effected the \$50,000,000 merger styled the Goldfield Consolidated Mines Company, secured yesterday for their company the combination mines, mills and water power lying between the Mohawk and the January in the Goldfield district.

The combination mines were owned jointly by the United States and British Columbia Company and a Chicago syndicate, whose representatives have been in conference with Nixon and Wingfield in this city for several days.

The price paid for the combination property of ten full claims and three fractions, aggregating 200 acres, twenty stamp mills and extensive power rights, has not been given out. But as the property, of which a few thousand feet only have been worked, has paid \$788,000 in twenty-five successive monthly dividends and produced ore to the value of \$1,150,000 in the last nine months, the consideration was undoubtedly large.

The newly acquired property may ultimately become a subsidiary of the Goldfield Consolidated, but it is understood that a new corporation, with a capitalization of \$10,000,000, of which \$4,000,000 will be placed in the treasury, is to be organized by Nixon and Wingfield at once.

The deal is one of the most important ever consummated in the Goldfield district, and while it has been in contemplation capitalists in San Francisco, New York, Butte, Duluth, Ely, Colorado Springs, Salt Lake and Tonopah are said to have applied to underwrite the securities of the new company, which will be styled the Goldfield Combination Mines Company.

DAVIS A GOOD GUESSER
Senator Nixon, confirming the consummation of the deal, said last night: "Our present control of the combination property is to be exercised through an option obtained by Lotus & Davis. James R. Davis is responsible for getting the proposition through in the shape we find it. He is the discoverer of ore on the Sandstrom and Great Bend properties. He controls the Gold Bar of Bullfrog and the Nevada Hills of Fairview, and he planned the shaft which cut the vein of the combination tract. He is, as some one said today, the best guesser in the camp and has never picked a loser. I expect some of his Salt Lake and Tonopah friends, Charles Knox, for instance; George Gun of Ely, Sherwood Aldrich of Colorado Springs and perhaps Sam Newhouse to come in with us on this deal, which is taken all in all, the most important transaction among the many of the current year that have made Goldfield famous.

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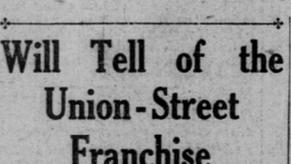
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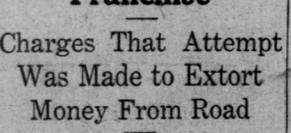
ACTING MAYOR GALLAGHER



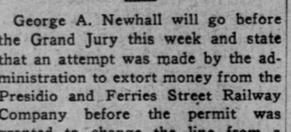
SUPERVISOR NICHOLAS



EX-SUPERVISOR DUFFEY



GEORGE A. NEWHALL



E. J. MARCHAND

Will Tell of the Union-Street Franchise Charges That Attempt Was Made to Extort Money From Road
George A. Newhall will go before the Grand Jury this week and state that an attempt was made by the administration to extort money from the Presidio and Ferries Street Railway Company before the permit was granted to change the line from a cable and horse system to an overhead trolley. The report has gone forth that the money was actually extorted, but Newhall denies this. Newhall states that agents of the administration approached him, but that he refused to pay over any money.

The evidence which Newhall will supply is regarded as ample to warrant the indictment of Ruef, Schmitz and their agents on a charge of attempt to extort money. The statutes are very explicit on this point and a case could be readily established by Heney. The offense in this instance is of recent date. It was not until September of this year that the permit was granted.

After the United Railroads had been granted the permission it sought to transform its system into the overhead trolley, the Presidio and Ferries Company, known as the Union-street line, came forward with a similar request. George A. Newhall, the president of the Board of Supervisors and it was taken under advisement.

The board suddenly grew apprehensive that the franchisees of the company had lapsed. It demanded that the franchisees be produced. They were produced. Then the board had a new scruple. It didn't think the trolley cars could climb the steep hills.

There was a period of delay. It looked as though the board would turn down the request. Then Newhall began to receive mysterious telephone messages in regard to the proper course to pursue. Gradually the administration became bolder and agents appeared more openly.

Although there was talk of an assessment of \$2 a share, Newhall says it was never levied. He asserts that the permit was secured without the payment of a bribe.

At any rate the Supervisors, after still further delay, put aside their scruples, decided that the cars could climb the hills and voted to grant the permit.

ENDS LIFE BECAUSE SHE COULDN'T GO TO GRAND OPERA
Young Wife of a Redlands Merchant Commits Suicide as Result of Her Disappointment.

REDLANDS, Nov. 17.—Mrs. Aaron Leipsic, wife of a merchant of this city, committed suicide at her home last night, using a revolver belonging to her husband's brother. Mrs. Leipsic returned last evening from Los Angeles, and it is stated that disappointment over being unable to attend the grand opera there Wednesday and Thursday nights caused her to take her life. Mrs. Leipsic was of a very nervous temperament. She was 28 years of age and had been married two years.

Indictment Hangs Over the Works Commission
Grand Jury Will Take Up Building Graft on Tuesday
If the plans of the men who are prosecuting the grafters carry, members of the Board of Works will have been indicted before the end of the week. On Tuesday Langdon, Heney and Burns will begin the inquiry into the building graft, which involves present and past members of the works commission, extending over a period which reaches from the first months of the Schmitz administration to the present month. Subpoenas have been issued for contractors, architects and builders ordering them to appear before the Grand Jury on Tuesday morning. At that time the building graft and the Belvedere scandal will be the special objects of investigation.

Before the building graft inquiry has been completed indictments in addition to those involving members of the Works Board will be filed, accusing a score of inspectors, deputies and agents of the commission of extortion and bribery. The persons most concerned are the present members of the Works Board, E. Aigeltinger, Thomas Egan and George Duffey and Herbert Schmitz, a brother of the Mayor, who for a time was not only a member, but the moving spirit of the entire board.

By some means secret word reached the administration crowd on Friday that the Board of Works was to be given a taste of an indictment. At once there was a frantic rush to cover. Papers on file in the offices of the Board of Works suddenly disappeared, documents took flight and other damaging matter vanished with equal suddenness. The word was passed around with marvelous alacrity, and when members of the board are asked to produce papers and vouchers the answer will be "They cannot be found."

Taking its cue from the works commission, the Health Board also went through some extraordinary maneuvers. Papers in this department have also taken flight, and when members of the board are called upon to produce the official records the answer, it is expected, will be much like that which the works board will give.

OFFICIAL RECORDS NOT REQUIRED
However, Heney will not require the official records to establish his case. He will place a score or more of architects and contractors on the stand, who will supply evidence sufficient to warrant the indictment of a bunch of city officials.

Among those subpoenaed to appear before the Grand Jury on Tuesday to

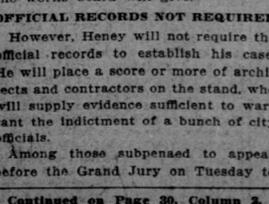
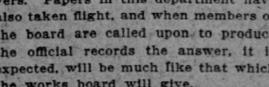
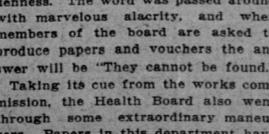
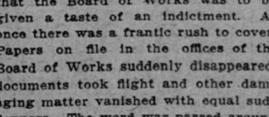
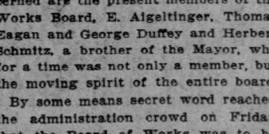
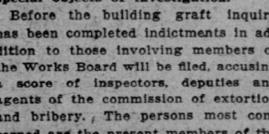
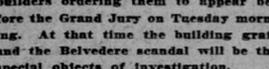
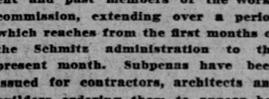
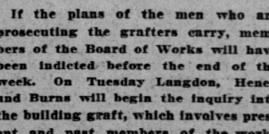
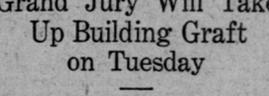
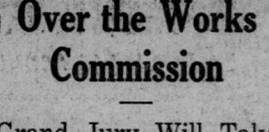
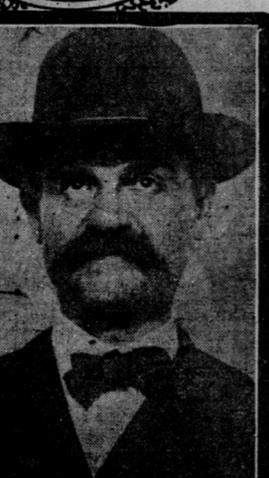
Heney Working to Have Gallagher Indicted
Prosecutor to Present Evidence Against Him to Jury
Acting Mayor Gallagher is the next official whom Special Prosecutor Heney expects to land within his dragnet and have indicted by the Grand Jury.

Heney immediately upon the completion of the evidence in his possession in the Belvedere Hotel graft will begin to present to the Grand Jury on Tuesday facts which he believes will warrant the returning of an indictment by that body against the acting Mayor.

"With the fullest sense of the responsibility resting upon me I name among San Francisco's corrupt and criminal officials Mayor Schmitz, Acting Mayor Gallagher and each and every one of the eighteen members of the Board of Supervisors. I have the evidence to prove these allegations and at the proper time and place, as the law prescribes, District Attorney Langdon and myself will lay it before the Grand Jury."

This was the statement made by Heney on the day that Ruef usurped the office of public prosecutor, from which he has since been driven. It developed yesterday that Heney intends to make good this promise to the letter and that the indictment of Gallagher and the Board of Supervisors is to be striven for on a carefully mapped out and prearranged programme.

Heney, it has been learned, has evi-



Developments in Graft Scandal

Constantini, French restaurateur, declares that he paid money into Ruef's hands following threats of the boss to close his place. George A. Newhall will go before the Grand Jury and say that the administration attempted to extort money from Union-street line.

Heney will introduce testimony on Tuesday, which, it is expected, will lead to the indictment of members of the Works Board.

Books of furniture firm said to show conclusively that Supervisor Nicholas profited on the supplies furnished for the city.

Herbert Schmitz, brother of the Mayor, Secretary of the Park Commission and former member of the Works Board, has disappeared.

Prosecutor Heney endeavoring to have Acting Mayor Gallagher indicted by Grand Jury on evidence amassed by Special Agent Burns.

Marchand Mulcted of \$1000 Since the Earthquake

All the graft in connection with the French restaurants did not antedate the fire, and all of it has not been set forth in the five indictments returned by the Grand Jury against Abe Ruef and Eugene Schmitz for extortion.

Besides his testimony before the Grand Jury as to the manner in which he was mulcted of \$1175 by Ruef and Schmitz on January 15, 1904, E. J. Marchand, chief proprietor of Marchand's, has placed in the hands of Secret Service Agent William Burns and Special Prosecutor Francis J. Heney evidence of how he was "shaken down" for \$1000 before he was allowed to serve liquor in the restaurant he opened on McAllister street after the fire, notwithstanding the fact that he secured and paid the customary \$500 for a liquor license.

This bold-faced official hold-up is one of the reserve bits of evidence that Heney is now in possession of to offset any legal sortie that the grafters may attempt to make in their defense.

Further, and still more sensational in character, is the testimony, not yet made public by the Grand Jury, of Stanislaus Constantini, proprietor of the Maison Toroni, who swears that Ruef held him up personally and was paid money after making threats to have that resort shut down.

Ruef was never employed by Constantini in the capacity of an attorney, and the restaurant man's evidence disposes effectually of any attempts that may be made by the former to validate the transaction on the

plea that the money that changed hands was a "retainer for eminent counsel."

The Marchand and Constantini hold-ups are among the most complete and convincing illustrations that have yet come to light of how the municipal blackjack was swung over the heads of the French restaurateurs.

The case of Marchand is particularly interesting, in view of the testimony before the Grand Jury already made public that involves Ruef and Schmitz in extortion on other charges.

The liquor license hold-up is in every way independent of these, and new indictments are expected to result from it. Marchand was led to place his testimony at the disposal of the graft investigators after mature deliberation. When Secret Agent Burns first called on Marchand and asked his assistance in running down the grafters, Marchand was not over-inclined to make any revelations. He finally decided to have a conference with a number of wealthy San Franciscans who patronize his place and be guided by their advice after laying all that he knew before them. It was on the advice of these patrons that Marchand consented to testify before the Grand Jury and furnish it with the information that assisted in the indictment of Schmitz and Ruef last week.

Besides this information, however, the matter of the liquor license hold-up came to the ears of Burns, and Marchand, after another conference with his patrons, made a complete explanation of this post-earthquake "shakedown." Marchand, it appears, had not been running his restaurant on McAllister street long after the earthquake before he concluded to apply for a liquor license. For this he paid \$500, and was beginning to be concerned over the delay he was experiencing in having it granted when word was conveyed to him that liquor licenses were not being handed out on their official face value. A donor was expected of the applicant by the powers that controlled things, he was told, and without this no license would be granted. Marchand had already paid for a restaurant license, in addition to the \$500 he had sent with his formal application for permission to serve liquor to his guests, and he began to think that he was being squeezed a little hard. He was given to understand definitely, however, that a liquor license could not be secured by him unless he shelled out another \$1000, and after some delay finally consented to the extortion. He justifies his action by explaining that his guests were continually calling for wine and liquors and that to retain their trade he had to serve them as they wished. A liquor license, in other words, was essential to his continuance in business.

The powers that controlled things realized this fact, and the demand for \$1000 practically meant that Marchand would be driven out of business unless it was paid. The license was granted immediately upon the paying over of the money, and from all accounts Marchand was not troubled further. He would have been, he believes, if the graft investigation had not so progressed. As it was, the money was paid over while Burns was in San Francisco hot on the trail of Ruef and Schmitz and the rest of the municipal gang against whom indictments are now pending.