

DEFENDANT, ATTORNEY AND MANAGER DISCREDIT CHARGES

"As to the charge of lobbying, it is a d-d lie. It's a dirty case and in accord with other things they have done. You couldn't expect anything else from them."—Adolph Spreckels.

RAISING FUNDS FOR FLOOD SUFFERERS

Mexican Colony Laboring to Aid Fellow Countrymen in the Stricken District

SAN JOSE RENDERS HOMAGE TO LABOR

Three Day Celebration Begins With Open Air Carnival and Dance

DRUNKEN MOTHER AGREES TO REFORM

Wife Who Neglected Babes to Indulge in Liquor Granted Freedom by Court

JAPANESE FAVOR INCREASED NAVY

Nipponese Official Declares 15 Dreadnoughts Should Be Built by Japan

OWNERSHIP OF BONDS

It is alleged that a majority of the outstanding bonds of the steamship company are controlled by J. D. Spreckels Brothers & Co., by J. D. Spreckels and Adolph Spreckels;

STATEMENT OF ATTORNEY

"Without having had an opportunity as yet to inspect the complaint, and knowing only generally its allegations, I am only certain of one thing, and that is that the suit certainly has no merit."

ADOLPH SPRECKELS' STATEMENT

When Adolph Spreckels had familiarized himself with the charges made in the complaint he made the following statement:

ATTACK J. D. SPRECKELS

The complaint then goes on to attack the relations between John D. Spreckels and the Union trust company.

SIGNED THE WAIVERS

"During his life Claus Spreckels himself signed these waivers frequently. There has been no violation of the Union trust company's duties as set forth in its bond as trustee of the Oceanic company."

PROMISSORY NOTES

It is alleged further that there were outstanding in May, 1907, promissory notes of the Oceanic payable to J. D. Spreckels Brothers & Co. to the amount of \$1,700,000 and a further indebtedness of \$187,000.

UNTRUE ALLEGATION

"With regard to the allegation that the vessels of the Oceanic company are underinsured, the allegation is untrue. As a matter of fact, the ships are insured for more than two-thirds of their actual value."

SPENT THEIR OWN MONEY

"It is true that the John D. Spreckels & Brothers company has been the general agent for the Oceanic company from the time it was organized. It is equally true that the John D. Spreckels & Brothers company has expended over \$2,000,000 of its own money in its effort to maintain the steamship line."

in response to the call for funds to aid the victims of the Monterey flood, the Mexican citizens and merchants of San Francisco started the ball rolling yesterday with subscriptions in cash and merchandise amounting to \$1,000.

SAN JOSE, Sept. 4.—The celebration of Labor day was inaugurated tonight with the illumination of the city and an open air ball on a gigantic open air dance platform in St. James park.

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due and payable." The complaint says that although two installments have remained unpaid, the trustee has made no attempt to enforce their payment.

It is also charged that the Union trust company has allowed the steamship company to retain all its property—rights, powers and earnings, although these have been forfeited to the trustee by reason of the alleged defaults in payment of interest.

The complaint goes on to say that the bonds have greatly depreciated in market value and that many have been sold at less than 50 per cent of their face value. Notwithstanding that the trustee has on hand more than \$90,000 of the Oceanic funds, the allegation continues, a sum sufficient to retire 180 or more bonds at the selling market price, this has not been done.

"By using all of said funds," the complaint alleges, "for the purchase of bonds at a selling market price during last year, said trustee could and would have saved to the Oceanic steamship company a large amount of money greatly in excess of the 2 per cent per annum which it pays for the use of said moneys."

It is also pointed out that the trust agreement provides that while the bonds are outstanding the property of the company must be adequately insured for not less than two-thirds of its value. This, it is alleged, has not been done in the case of the vessels of the company.

The case of the Australia is cited. This vessel was seized by the Japanese for carrying contraband during the Russo-Japanese war. It is stated that the value of this vessel was \$200,000 and that it was insured for \$65,410, whereas it is alleged that it should have been insured for at least \$123,332.32. This alleged inadequate insurance is charged to the neglect of the trustee and is alleged to have caused the company and the bond holders great loss and damage.

The other vessels of the fleet are listed as follows: Sierra, value \$21,500; insurance \$425,311.50; adequate insurance \$614,332. Sonoma, value \$954,977.65; insurance \$425,311.50; adequate insurance \$623,318. Ventura, value \$215,111.94; insurance \$425,311.50; adequate insurance \$410,074. Alameda, value \$696,563.32; insurance \$254,576; adequate insurance \$464,375. Mariposa, value \$532,909.19; insurance \$254,576; adequate insurance \$421,539. Zealandia is alleged that its value in 1905 was \$105,500 and that the trustee allowed the steamship company to sell the C. L. Dimond for \$35,000, "a price grossly disproportionate to its value."

The complaint then goes on to attack the relations between John D. Spreckels and the Union trust company. After stating that he is president of the steamship company and owns 4,286 shares of its stock, the complaint charges:

"Plaintiffs are informed and believe and that he is now and for several years last past has been the holder of a large number of shares of the capital stock of said defendant, the Union trust company, and is a member of the board of directors of said trustee."

It is also alleged that "in the execution of the trust created by said mortgage and trust agreement, said defendant, the Union trust company, has been controlled absolutely by said John D. Spreckels and has acted at his behest and under his instructions in all matters relating to said trust and the execution thereof."

Attention is next directed to the relations between the Oceanic steamship company and the John D. Spreckels Brothers & Co. It is alleged that since 1900 the valuable capital stock of the steamship company has been weakened by a series of assessments by reason of which the number of share holders was reduced to the following: John W. Bourdette, 110 shares; Charles E. Dugan (trustee), 2 shares; W. D. K. Gibson, 100 shares; Stanley Pedder, 1 share; John D. Spreckels Brothers & Co., 17,789 shares; A. B. Spreckels, 2,654 shares; John D. Spreckels Jr., 4,286 shares; John D. Spreckels Sr., 100 shares; F. S. Samuels, 100 shares; Thomas W. Thomas, 100 shares; L. E. Thomas, 1 share.

It is stated that Bourdette is attorney for J. D. Spreckels Brothers & Co. and that all the rest, with the exception of Stanley Pedder, are directors or employees of that concern; also that the total number of shares held by these is 26,263, of which 23,647 are in the treasury of the steamship company. It is alleged further that the majority of the directors of the steamship company form a majority of the directors of the J. D. Spreckels Brothers & Co.

The complaint also says that the steamship company pays the other company \$2,000 per month for acting as its general agent; that this company also acts as purchasing agent for the steamship company, and has sold it a large amount of fuel and other commodities, deriving large profits.

It is alleged further that there were outstanding in May, 1907, promissory notes of the Oceanic payable to J. D. Spreckels Brothers & Co. to the amount of \$1,700,000 and a further indebtedness of \$187,000. By the levying of assessments and other moneys this indebtedness, it is said, was reduced in May, 1909, to \$1,069,132. On information and belief it is averred that this indebtedness "is largely in excess of the amount actually due and payable."

Still another charge is that the steamships Ventura, Sierra and Sonoma, exceeding in value \$2,711,000 have been for more than a year and a half riding at anchor in the bay at a cost of \$30,000 annually. The plaintiffs aver that these vessels could have been profitably chartered, but that no attempt

eral agent for the Oceanic company from the time it was organized. It is equally true that the John D. Spreckels & Brothers company has expended over \$2,000,000 of its own money in its effort to maintain the steamship line to the detriment of the public interest.

"The only executive officer of the Oceanic steamship company receiving a salary is the secretary, and he is paid \$48 a month for his services. The purchasing of supplies for the Oceanic purposes and in the payment of other illegal and unauthorized expenses."

"It may be interesting to let the public know that at the time of the Oceanic steamship company's default in June, 1907, I went to Rudolph and Gus to get them to sign the waiver provided for in the trust deed. Rudolph, not wanting to lose the support of the Call or to start a mix-up at that time, refused to take any stand in the matter of the waiver. Gus, Gus said he wouldn't agree to the waiver and wouldn't attempt to get his father to stand for it, as requested, but, on the contrary, would do everything he could to keep his father from consenting to it. He also told me to tell John D. Spreckels the 'from him and me.' On the occasion of the second default in payment John D. Spreckels himself saw his father and asked him to sign the waiver, which he did."

"Such was the declaration yesterday afternoon of A. F. Morrison of the firm of Morrison, Cope & Brobeck, attorneys for John D. and Adolph Spreckels.

"I am not prepared to charge that certain motives lie behind the beginning of this action," continued Morrison, "but it certainly looks like a matter of spite due to the resentment of Rudolph and Claus Augustus Spreckels because John D. and Adolph Spreckels have seen fit to question the trust clause of their father's will. I don't care to say that the suit has been started as a means of clouding the issue in the matters now pending, but on the other hand it can not be anything more than a filibustering fight."

"There is not a bit of merit to the charges generally in this suit as I understand them. It is easy to make charges, but it is hard to prove them. There is nothing new, either, about such charges as these. Those boys, Rudolph and Gus, have always been free in making charges, both against their father and their brothers, and so there is nothing surprising about this."

"To begin with, such a suit as this appears to be in this case for the purpose of exploitation than for anything else. The application is for the removal of the trustee of the Oceanic steamship company, and for the appointment by the court of a new trustee. The trust deed expressly provides, however, that in the case of the resignation or removal of the trustee for any reason, the successor of this trustee shall be selected by the Oceanic steamship company. The court, if called upon, of course, by John D. and Adolph Spreckels, so even if Rudolph and Gus Spreckels should win this suit the new trustee would be appointed by the very men attacking him. In making the court should override this provision of the trust deed and make the selection itself. So, unless this should be done, the plaintiffs have nothing to gain even if they should win the suit."

"The trust deed provides that if the trusteeship becomes vacant the Oceanic steamship company may appoint a new trustee with the consent of one-third of the bond holders, or it may remove a trustee and make a new appointment with the consent of a majority of the bond holders.

"As I said, I do not know all the details of the charges which have been made, but the fact is no doubt that the Union trust company has acted strictly in accordance with the provisions of the trust deed and has acted at all times for the good and protection of the bond holders and all concerned. It could not afford to have done otherwise."

"One of the allegations is that the trust company has failed in its duty in not enforcing the payment of the Oceanic steamship company to pay the regular semiannual interest on its bonds. The trust deed requires the trustee to waive default, however, on the written petition of a majority of the bond holders. That is a distinct requirement which the trustee had to obey."

"As to the charge that there has existed a conspiracy to depreciate the value of the bonds, it is, of course, no foundation for such a claim. If anything would depreciate the value of the bonds, however, this suit would do it. So if John D. Spreckels was a party to such a conspiracy this would do more than anything else to aid him in gaining his end and he would have Rudolph and Gus to thank for bringing about the result. On the contrary, the John D. Spreckels & Bros. company has spent at least two and a half million dollars to keep the ships of the Oceanic company going and for the purpose of sustaining the value of the bonds and for the benefit of the bond holders."

"The complaint that the trustee has not kept up the insurance on the Oceanic steamship company's property to two-thirds its value is also unworthy of consideration. The trustee probably has the right to waive all defaults, but even if not the trust deed falls to fix the value of the company's ships and the determination of this value is practically a matter of opinion. No way is provided by which the valuation is to be determined, so if these complaints allege that the insurance carried does not amount to two-thirds the value of the ships they are merely stating their own opinion of the matter. It would have to be a very glaring undervaluation, I believe, to convince any court that the trustee was remiss in his duty in this respect."

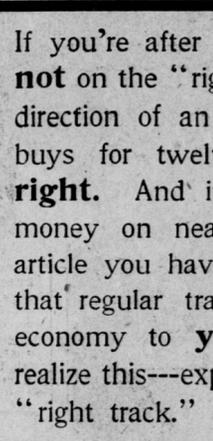
"The charge that money has been expended in lobbying does not seem to be at all explicit. In any event, it's only a word."

Taxicab for Rent At all hours. Taxicab Auto Livery Co., 319 Van Ness av. Phone Market 130.

LABORER STRUCK BY CAR—James Carr, a laborer, employed by the Home telephone company, was struck by a car yesterday while working in a trench at Eve and San Bruno avenues. A contusion of the spine and abrasion of the back was the result of the injuries.



710 Market St. near Kearny



778 Market St. Phelan Building

Advertisement for 'Slaughter Sale of Patent Medicines' listing various medicines and their prices.

Advertisement for 'The Owl Drug Co.' featuring 'India Rubber Balls' and 'Silk Elastic Goods'.

Advertisement for 'Magnin & Co.' featuring 'Brides' Trousseaux' and 'Infants' Outfits'.

DIED GERDER In this city, September 4, 1909, F. Gerder, beloved husband of the late Lillie Gerder, devoted father of Elizabeth Gerder, and brother of the late Henry and Dick Gerder, a native of Germany, aged 74. A member of Hesperian Grove, U. O. D. Remains at the parlors of H. F. Smith & Co., 229 Mission street, between Twenty-fifth and Twenty-sixth.