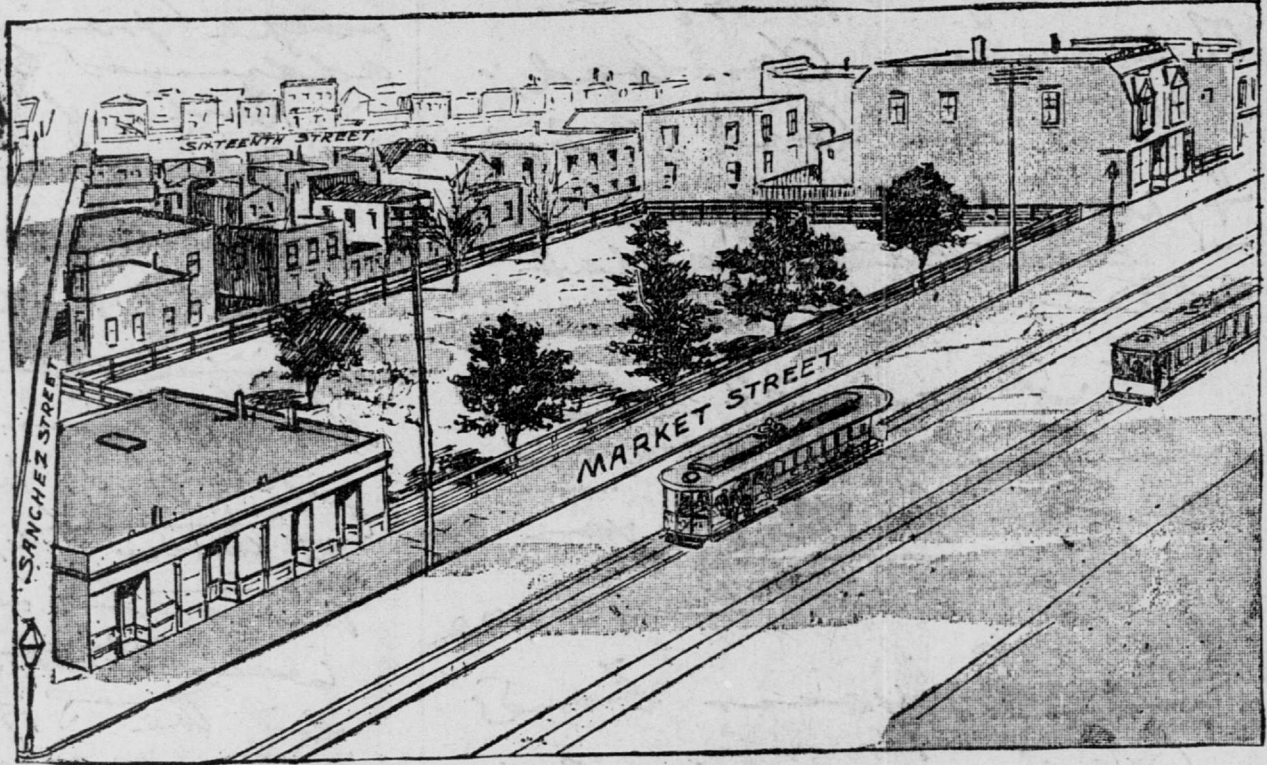


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PROPERTY OF DR. McDONALD IN THIS CITY SEIZED BY ROBBED CREDITORS

Horace W. Carpentier Was the Tool of the Old Financier.

Valuable Market-Street Land Illegally Transferred to Cheat Depositors.



The McDonald Property on Market Street That Is in Carpentier's Name.

Call's Expose of Scoundrels Bears Substantial Results.

Fraudulent Deeds Revealed After Six Years of Successful Deception.

The Call's expose of the scoundrels and the methods that ruined the Pacific Bank and the People's Home Savings Bank has borne fruit. There is in this city on Market street, near Sanchez, a very valuable piece of property belonging to Dr. R. H. McDonald. Through a series of dishonest and illegal transactions it was transferred with a purpose of defrauding the creditors of the bank to Horace W. Carpentier. Thousands of creditors have been on the lookout since the Call began these exposures, and several of them, acting through their assignee, S. G. Murphy, president of the First National Bank of this city, attached the property yesterday afternoon and will have it sold to satisfy one of the judgments against Dr. McDonald. This will be done for the benefit of the creditors, and is only the beginning of other and similar legal action, which the Call will exploit in the proper place.

The Call fulfills this morning its promise to the public that it would not only expose the scoundrels who wrecked the McDonald banks but that it would also show to the robbed creditors of the defunct institutions how they may obtain something of what rightfully belongs to them. The startling exposure of the dishonest schemes that destroyed the Pacific Bank and the People's Home Savings Bank has reached such a stage that it is necessary to show the creditors of the bank that in this city there is very valuable property belonging to Dr. McDonald and subject to attachment. When the Call began its startling expose its primary purpose was to recover for the creditors if possible some of the property that the dishonest bankers and their parasites diverted to their own



HORACE W. CARPENTIER.

Donald and was ready to perform almost any service that the dishonest old financier requested. When the banks were on the verge of destruction, Frank McDonald transferred a piece of very valuable local real estate belonging to his father to a bogus corporation organized by the McDonald family to cheat their creditors. This corporation in turn transferred back to Dr. McDonald the property in question. The old banker again transferred the land to Horace W. Carpentier, in whose name the property is now recorded. All of these transfers were absolutely illegal and the Call presents this morning the full and complete evidence of this fact. The full description of the property which is still owned by Dr. R. H. McDonald, although it stands in the name of Horace W. Carpentier will be of invaluable assistance to the depositors in their efforts to recover what rightfully belongs to them. This property was purchased by Dr. McDonald many years ago, and the old man realized in the later days of San Francisco it would be of tremendous value. This land above all others he wished to keep to himself, and he was more than particular in transferring it through bogus transactions so that his name would not appear as owner. The property in its full description is as follows: Beginning at a point on Market street on the southeast side, one hundred and eleven (111) feet and three (3) inches from the corner of Sanchez street, and extending southwesterly along Market street for one hundred and fifty (150) feet; thence at right angles to Market street southwesterly one hundred and ten (110) feet; thence northeasterly and parallel to Market street one hundred and fifty (150) feet; thence at right angles and northwesterly one hundred and ten (110) feet to the point of beginning.

Also beginning at a point on the southeasterly side of Market street and northeast of previous piece, distant eighty-three (83) feet and four (4) inches southwesterly from the southwesterly corner of said Market street and Sanchez street; thence southwesterly along said line of Market street twenty-five (25) feet and eight (8) inches; thence southeasterly and at right angles to Market street one hundred and ten (110) feet; thence northeasterly and parallel with said Market street one hundred and ten (110) feet to the westerly side of Sanchez street; thence northeasterly along said Sanchez street sixteen (16) feet and five and one half (5 1/2) inches; thence northwesterly and at right angles to Market street ninety-seven (97) feet and six (6) inches to the point of beginning.

The exposure undertaken by The Call placed the creditors of the two wrecked institutions on their guard. The thousands of men and women who lost their money through the dishonesty of the McDonalds understood that the exposure was not made for any purpose of sensationalism. They were assured that something of material advantage to them would result from the revelation. The Call has made, and yesterday afternoon the first attachment upon the property of Dr. R. H. McDonald in this city was made. This attachment was issued in the suit of S. G. Murphy against R. H. McDonald. The property on Market street has been attached by the legal representative of Mr. Murphy, who will now proceed to get service on the defendant by publication and have the property sold under judgment to satisfy one of the debts that Dr. McDonald owes to the robbed creditors of his banks.

In January of this year S. G. Murphy, who at one time was cashier of the Pacific Bank, and is now president of the First National Bank, was made the assignee of many of the depositors and creditors of the Pacific Bank. Acting in the capacity of assignee Mr. Murphy filed a suit against R. H. McDonald to recover \$34,842.50, the amount of several claims assigned to him. Dr. McDonald was sued personally on his liability as a stockholder of the wrecked bank. The old man being the principal stockholder, legal action was first directed against him. Murphy was unable to serve a summons on Dr. McDonald and the suit dragged along up to the time of the death of Daniel Titus, who was Murphy's attorney. When The Call began its startling expose of the men and measures that accomplished the ruin of the Pacific Bank, Murphy, among thousands of others, was on the

qui vive for any development that would lead toward the location of attachable property. He became convinced that the property that now stands in the name of Horace W. Carpentier actually belongs to Dr. R. H. McDonald, and his attachment immediately followed. Alfred Sutro was employed by Murphy to prosecute the case from the point where Titus had left it when he died. As a result of this employment an attachment was levied upon the property and the Sheriff will take proceedings today. This attachment furnishes a foundation for service upon McDonald by publication. It is supposed that Dr. McDonald is in Montreal, Canada, although he was known to be in New York a few weeks ago. The suit which has been filed in behalf of S. C. Murphy does not affect any one but Dr. McDonald. The way is clear therefore, for civil action against all of the other conspirators who were concerned in the ruin of the Pacific Bank.

DR. McDONALD'S DISHONESTY.

The Call has already proved that Dr. R. H. McDonald was thoroughly informed of the condition of his banks in this city. He knew that failure was absolutely inevitable, and he had already given his solemn promise to the Bank Commission to pledge his private fortune for the benefit of the robbed depositors of his institution. A few days after he made this promise, in December, 1891, he fled from this city and State, with the purpose of placing the burden of dishonesty on his sons and to save his own property from the grasp of his deluded creditors. He owned enormous properties, not only in this city, but in Norfolk, Va., and he determined to protect his own possessions from the consequences of his own dishonesty and that of his sons.

For nearly two years, in conjunction with his son, Frank V. McDonald, and their parasites, he plotted and planned to conceive a method by which he could secure his property from threatened and prospective attachment. Frank V. McDonald, who has already proved himself to the public a more than ordinary clever and crafty schemer, planned the organization of a gigantic corporation, which was to be known as the McDonald Company, into which all the available assets of Dr. McDonald were to be thrown and protected from attachment. This company was conceived in the brain of Dr. McDonald and his unscrupulous son early in 1893, when the affairs of the Pacific Bank were in such a condition that collapse seemed inevitable. The son had various suggestions to offer and his ideas finally culminated in the organization of the McDonald Company, which was nothing more or less than Dr. McDonald himself.

The doom of the banks came more quickly, however, than the dishonest father and son expected. This great company did not possess even the semblance of organization until two days before the Pacific Bank collapsed. Father and sons had planned their scheme for many months, but they had neglected to make it a legal reality until two days before the crash came. This fact is of the greatest possible significance to the depositors and creditors of the ruined banks, particularly in reference to the piece of property on Market street which was attached yesterday and belongs absolutely to the creditors of the McDonalds.

It was early in June that the McDonalds saw that the ruin of their institutions could not be prevented. Dr. McDonald had already induced his sons to steal \$142,000. He had forced them to take from the vaults of the Pacific Bank \$12,000 in coin for his own personal necessity. He had cautioned them to be on their guard against any action that might convict them of fraud. He understood thoroughly that the month of June, 1893, could not be passed without ruin. After he had transferred as much of his personal and real property as he could be delegated to his son, Frank V. McDonald, the duty of saving this very valuable piece of property on Market street, near Sanchez.

THE TRANSFER TO THE COMPANY.

As a precautionary measure in this campaign of theft Dr. R. H. McDonald gave to his son Frank his absolute power of attorney. Frank used it for every

dishonorable purpose that he could conceive. He had already stolen for his father nearly \$225,000. He determined to steal more. He was informed by his father that the piece of property on Market street must be taken out of the McDonald name, but retained in the possession of the McDonald family.

While the giant corporation that was subsequently known as the McDonald Company had been conceived in the dishonest brains of the bankers it was not yet a legal reality. Frank traded upon his ability, however, to deceive the public and the creditors of his banks. Possessing the power of attorney of his father he deeded the piece of property on Market street, which has already been described, from his father, R. H. McDonald, to the McDonald Company. This deed was made on June 14, 1893, at least six days before the McDonald Company of Norfolk, Virginia, was in existence. This fact should not be forgotten, for it is the evidence that vitiates the legality of the transfer. Certain facts in reference to the organization of the McDonald Company of Norfolk, Virginia, prove this assertion. The first meeting of the directors of this corporation that was called for the purposes of organization was held at Norfolk on June 20, 1893, six days after Frank McDonald had deeded this valuable piece of local property to a corporation which did not exist. Even the meeting of directors that was held at Norfolk on June 20, 1893, did not make the McDonald Company a legal corporation under the laws of the State of Virginia.

It was necessary before the company could be legal that a charter should be obtained from the State authorities of Virginia. This charter had not been obtained, and while Frank McDonald possessed the power of attorney for his father, the McDonald Company certainly could not have a legal representative in this city before the corporation had an existence.

It is the purpose of The Call to trace step by step the theft of this Market street property and to show the creditors of the McDonald banks how they may recover something of what is due them. When Frank V. McDonald deeded the Market street property to the McDonald Company of Norfolk, Virginia, he swore before a notary that he did so in consideration of \$50,000. No such consideration was ever received. Not a dollar of money passed in the transfer, nor was subsequently received by the corporation. Frank McDonald was simply delegated to steal wherever an opportunity offered, and he carried out his contract, expecting that investigators would never discover the vitally important discrepancy of six days.

For over five years the robbed depositors of these banks have been striving to locate some property of Dr. McDonald that might be legally levied upon and confiscated in part payment at least of what is due them. Every possible effort was made without avail, and to-day The Call gives to these depositors the important information that this property on Market street belongs to Dr. McDonald, and belonging to him is the property of the depositors.

When the banks failed the estimated value of this property was between \$60,000 and \$70,000. It is now probably worth \$40,000, no insignificant sum in the finances of the Pacific Bank. When Frank McDonald, empowered as the legal representative in this city of his father, signed the deed on June 14, 1893, he allowed the transaction to rest for several days. He waited until the crash came in the Pacific Bank before he made public his thieving transaction. It was not until June 22, 1893, that the deed transferring the Market street property from R. H. McDonald to the McDonald Company was acknowledged before a notary public. This notary was E. H. Tharp. The McDonald Company was a reality, although not legally one under the laws of Virginia.

On the following day, June 23, 1893, the deed from R. H. McDonald to the McDonald Company was recorded in the office of the Recorder in this city at the request of the McDonald Company. The record shows that at thirty-four minutes past 1 p. m. the deed was placed on record. Even then the McDonald Company had no legal representative in this city, and the record was as bogus as the deed of transfer itself, although Frank V. McDonald signed himself as being clothed with full power of attorney for the both parties to the transaction. There was no

body here or anywhere else empowered to record that deed for the McDonald Company.

THE PROPERTY SPIRITED AGAIN.

Dr. McDonald, who was one of the craftiest and most unscrupulous financiers who ever preyed upon this country, was still fearful that this valuable property might be seized from him by the robbed creditors of his banks. He wished to make the transfer more complete.

Very soon after the collapse of the Pacific Bank the McDonald Company of Norfolk, Va., became a discredited and dishonored corporation, and Dr. McDonald decided that he would again have this Market street property in his own name. He determined upon this course not for the purpose of retaining the property in his own name, but for the purpose of securing it again that he might once more transfer it in another direction.

On September 4, 1893, he had the McDonald Company deed the Market street property back to him. When the deed was made the consideration was given as \$1. It should be remembered that Dr. McDonald deeded the land to the McDonald Company in consideration of \$50,000, and then received it back in consideration of \$1.

These facts in themselves illustrate something of the gigantic fraud that inspired the transactions. With the craft that came with experience and foreseeing carefully what he intended to do subsequent to the transfer from the McDonald Company to himself, Dr. McDonald deliberately made this transfer an illegal one. He knew that the McDonald Company was himself, and he knew that any transfer made by that company that could be proved illegal would certainly be vitiated and the property would return to himself. Utilizing this knowledge and fearing to trust any one he deliberately made the transfer back to himself an illegal one.

As already indicated he intended this transfer should be preliminary simply to a second transfer to one of his employees. The old financier did not trust this employee and feared that at some time he would become fractious and attempt to prove ownership of the property. In order to prevent that, Dr. McDonald had made the peculiar contract by which the property was deeded back to him from the McDonald Company.

The record of this deed is in the Recorder's office in this city. In the first place the property is not properly described. This may or may not be of significance, but it is certainly of some importance even as an error. In the second place the transfer is signed as if it were given by "The

McDonald Company" instead of the "McDonald Company," a most important defect in a legal transfer.

In the third place, and more important still, the transfer was signed by inferior officers of the corporation, whose signatures did not bind the company. The records show that the deed of transfer was made by Frank S. Edminster, vice president, and Charles E. Puttfarcken, acting secretary. As a matter of fact, if these subordinate officers had anything worth attaching, they and not the McDonald Company could be held civilly responsible for the transfer. The Supreme Court of this State has held that such a transfer must be signed with the name of the corporation by the proper officers.

Another and vitally important defect in the transaction is the fact that when the deed was made from "The McDonald Company" no resolution ordering the transfer was adopted by the company. As a matter of law, therefore, as well as of equitable fact, this Market street property still belongs to Dr. R. H. McDonald, notwithstanding the transfer that was subsequently made.

In this particular affair the personality of Frank S. Edminster is of considerable public importance. Edminster was associated with Dr. McDonald from the time that the dishonest old financier was engaged in the manufacture of Vinegar Bitters. Edminster was the bookkeeper and secretary of the Vinegar Bitters Company and enjoyed absolutely the confidence of Dr. R. H. McDonald. It was Edminster who established in New York the notorious "fence" through which the McDonalds attempted to negotiate their worthless bonds. It was Edminster who was ready to perform any service his master commanded and it was he who became vice president of the McDonald Company when that corporation stood discredited and dishonored through the failure of the Pacific Bank before the people of Norfolk.

It is of interest and also of great importance to the depositors of the banks to know the changes that were made in the description of the property in the deed from the McDonald Company to R. H. McDonald. The correct description has been given above. The dishonest description as made in the deed from the McDonald Company to Dr. R. H. McDonald is as follows:

A FAKE DESCRIPTION.

Beginning at a point in the southeasterly side of Market street distant 83 feet 4 inches southwesterly from the southwesterly corner of said Market street and said Sanchez street; thence southwesterly along said line of Market

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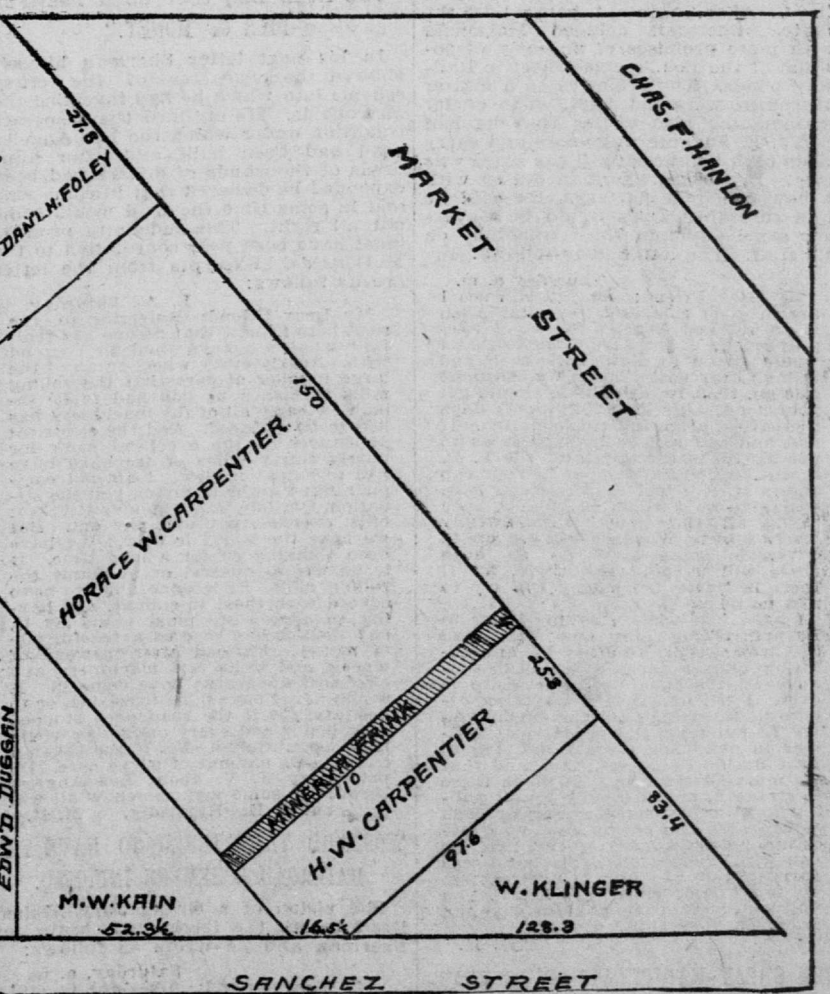


Diagram Showing the Location of the Property on Market Street.