

# HYDE'S CRITICISM OF HENDRICKS' REPORT

The Equitable Society's Founder  
Championed by His Son.

DEFENDS HIS FATHER'S LEGACY.

Declares Elder Hyde Took Great Personal Grief  
When He Was Found to Be  
Wrong in His Own-  
ness—Wants Judgment Suspended.

James M. Hyde at a recent meeting in New York of the directors of the Equitable Life Assurance society read a reply to the charges made by Francis Hendricks, New York state superintendent of insurance, in his report against Mr. Hyde and his father, Henry H. Hyde. At the outset Mr. Hyde said that he wished to place on record his "most protest" against that part of the Hendricks report that reflected upon the elder Hyde. Referring to his father, he said:

"The fact that this society exists is due to him. Its success is in the main due to his efforts. Superintendent Hendricks would not have said what he did, and, more, he would not have fulfilled what he did, had he not had informed himself of all the facts before reaching his announced conclusions."

Mr. Hyde defended the safe deposit company issues, which he said were entered into by his father "at great pecuniary risk to him in the effort to avert a serious loss to the society."

He detailed the foundation and operation of the safe deposit companies and declared that in these transactions the Equitable Life Assurance society now holds stock of the Mercantile Trust company valued in the market at about \$1,100,000, instead of having been sold for \$1,101,000, which represented approximately its investment in this stock in 1875; so that the Equitable Life Assurance society made a profit of \$9,000,000 resulting directly from the organization and purchase of these safe deposit companies by his father and from the personal pecuniary risk which he took in the effort to save the Mercantile Trust company. He continued:

"In short, at a great pecuniary personal risk to himself my father took these safe deposit company businesses, then an asset considered of little or no value and in which neither the society nor the Mercantile Trust company nor any of their directors or stockholders were willing to invest, thereby producing a profit of about \$9,000,000 to the Equitable Life Assurance society and incidentally creating the safe deposit business from an experiment into an established success."

"In view of these facts, I maintain, and I think it cannot be gainsaid, that no just criticism can be made by my father for these transactions, obviously entered into not for the purpose of personal gain to himself, but for the purpose of benefiting the society at his own personal risk. They call his attention to the fact that these complaints were made either before I was born or during my childhood. They have been a part of the records of the society and of the reaching of every superintendent of insurance for from twenty to thirty years past, during the greater part of which time my father and the directors who voted for these leases on deposits could have explained the facts; but, so far as I know, these transactions during all this time have remained unchallenged."

Referring to the Commercial Trust company of Philadelphia, Mr. Hyde says: "The superintendent of insurance reaches the conclusion that the Equitable Life Assurance society has just a substantial sum of money by reason of its transactions with the trust company, which conclusion, as I understand it, is based on the proposition that the trust company received 5 per cent on the amounts advanced by it on agents' balances, while it paid to the society only 3 per cent on these very agents' balances and receives also 3 per cent on deposits with the trust company, so that it sustains no loss by reason of this transaction, while on the other hand, as the superintendent points out, it receives its share of the profits of the Commercial Trust company in the form of dividends on the stock of the trust company which it owns."

In his report Superintendent Hendricks called attention to the fact that when the capital stock of the Equitable Trust company was increased in 1902 from \$500,000 to \$1,000,000 the Equitable Life Assurance society was entitled to take 2,335 shares of new stock of this increase and that it only took 925 shares out of the 2,335, and that 1,410 shares, which it had a right to take and did not take, were distributed in the Hyde family.



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J. S. HARRISON.

Life Assurance society at that time was to very largely increase its holdings of stock in the Equitable Trust company of the city of New York. He is fully convinced that the Equitable Trust company could be made a success, and I offered to take all of the increased stock which others were unwilling to take and did so.

"As it is the only stock which I have made a good investment for the society, I have taken its proportion of the increased capital stock in 1902 at \$150 per share. Unfortunately the society had not then as accurate a conception of the mathematical fact of the future as the superintendent of insurance now has of the mathematical fact of the present. It could not be certain that such a purchase at that time would have been profitable."

The superintendent of insurance criticizes the merger of the Western National bank of the city of New York and the National Bank of the United States in New York upon the ground that the society could have obtained 870 shares for its controlling interest in the stock of the Western National bank, but that instead it accepted \$210 per share for its stock.

Concerning this transaction Mr. Hyde says: "I am not aware that any offer of \$700 per share was ever made for this stock or anything like that sum, but I call attention to the fact that the superintendent of insurance is mistaken in stating that what is now the society received for its stock in the Western National bank of New York was \$210 per share. What it received for each share of this stock was \$70 in cash and \$140 at par of the Consolidated bank. As a matter of fact the stock of the Consolidated bank was selling at that time for \$200 per share, which means that the value in stock of the Consolidated bank was \$70 in cash, or altogether \$616 per share market value, received by the society for each share of the stock of the Western National bank of the city of New York, which it put into the consolidation."

Mr. Hyde's defense of the syndicate operations of "James H. Hyde and associates" is that the superintendent of insurance stated that he has made about these transactions. He denied Hendricks' allegation that he (Hyde) introduced these syndicate transactions and reiterated that he was not a partner in the courts decide whether he is legally entitled to the profits derived therefrom. Mr. Hyde concluded his statement as follows:

"I will not go further into details concerning matters in the superintendent's report, most of which are already the subject of litigation, except to call attention to the superintendent's statement that I did not hesitate to extract from the society's treasury \$352,000 for his (my) stock in the Missouri Safe Deposit Company." The superintendent is also complained to the superintendent, that the sale of my stock was made while I was in Europe and was conducted on behalf of the society by James W. Alexander. "I have been a member of the board of directors of the superintendent, as well as of the Frick committee, to the evidence which I have given, the exhibits I have furnished and the statements I have made as to these syndicate transactions and other transactions complained of. The complaints against me seem to have received their anxious and minute consideration, but my answers to these complaints have been completely overlooked.

# HISTORY OF ODESSA.

Scene of Outbreak in Russia's Fourth City.

A GREAT CENTER OF COMMERCE.

Chief occupations of Inhabitants are Connected With Shipping, Shipping and Manufacture—The City Built on a High Terrace, Which Descends by Steep Steps to the Sea.

The city is situated on the southern shore of a semicircular bay at the northwestern angle of the Black sea, and is only a few miles from Moscow and 403 miles from Kiev. Its commercial importance comes from the fact that it receives the internal commerce that seeks outlet via the Black sea into the regions traversed by two great rivers, the Dnieper and the Bug, and the Dniester. The bay of Odessa, which has an area of fourteen square miles and a depth of thirty feet with a bottom of soft mud and dangerous anchorage, is open to exposure to westerly winds. Shipping lies, therefore, in two harbors, both protected by moles—the "quarantine harbor," twenty-one feet deep, and the so-called "practical harbor" for coasting vessels, with a maximum depth of eleven feet. It is from an anchorage in the former that the guns of the Russian fleet look out over the city. The city is built on a terrace from 100 to 150 feet in height, which descends, by steep steps to the sea, and on the other side is continuous with the level of the plain.

The general aspect of Odessa is that of a wealthy western European city. Its chief embankment, bordered with tall and handsome houses, forms a fine promenade—a superb boulevard—descends to the sea from its central square, which is adorned with a statue of Richelieu. A cathedral, finished in 1874, of neo-Gothic architectural structures, public parks, and abundant and dignified mansions of the city. Various suburban bathing resorts line the seashore for several miles. The population of the city proper, including the suburbs, is estimated in 1902 at 250,000, and commercial, of the so-called Novorossia, which includes the governments of Bessarabia and Kherson, Odessa, like all the other cities of the empire, received in 1862 a municipal corporation, with an elective mayor, municipal assembly and executive committee. It is also an educational center, and has a university which replaced Richelieu lyceum in 1865, and has upward of 1,000 students.

The population of Odessa has increased in mighty leaps. In 1814, the year of its foundation, it had 25,000 inhabitants. In 1850 there had 100,000 inhabitants. In 1884 there were 250,000, and since that date the total has more than doubled, due largely to railroad development in Transcaucasia.

The leading occupations of the inhabitants are connected with exporting, shipping and manufactures. Manufactured products include flour, tobacco, machinery, leather, soap, chemicals, breadstuffs, rope and carriages. Exports include grain, flour, wool, tallow, hides, cattle (about 200,000 head), soap, rope and spirits, while imports include tea, coffee, rice, cotton, tobacco and manufactured articles of many kinds. The total business of the port annually equips several hundred millions of dollars and involves year by year.

The bay of Odessa was colonized by Greeks at a very early period. Their ports, Istranorum Portus and Isidaurum Portus, on the shores of this bay, were the chief ports of the region for many years, but disappeared in the third and fourth centuries, leaving only heaps of ruins. In the fourteenth century this region belonged to the Lithuanians. These, subsequently, the Poles kept the country under their dominion until the sixteenth century, when it was seized by the Tartars, and the Cossacks, who burned what towers they found on the Black sea. In 1790 the Russians, under the French Captain de Ribas, took the fortress of the town of Hajibey, on the site of Odessa, and in 1791 Hajibey and the Ochakov region were conceded to Russia. The town, renamed Odessa, was laid out by de Ribas and the French engineer Volz and two years after its foundation had 3,153 permanent inhabitants, besides the military, and was visited by eighty-six foreign vessels. Throughout the century and more of its history Odessa has continuously prospered and constantly grown in size and importance.

Sixteen cents a day is now good pay for unskilled labor in Japan. Ten years ago it was 6 cents.

# APPEAL TO POLICY HOLDERS.

Equitable Trustees Tell of Losses Incurred by Hendricks' Expenses.

Ex-President Grover Cleveland, Justice Morgan J. O'Brien and George Washington, a voting trustee of the Equitable Life Assurance society recently issued the following appeal to the Equitable policy holders:

Supplementary to the notice addressed by us to you on the 15th of the present month, we have an expansion of your views on the selection of directors of said society to be selected by you at the annual meeting of the society in December to the board of our earlier recommendation. We note that you have taken this day to fill a portion of these vacancies.

The re-enforcement of the board without delay became imperative by reason of numerous resignations and the necessity of a working number of directors for the proper management of the society's business. More of these vacancies ought to be filled in the near future. Of course it has been the policy of the society to communicate more directly than through any policy holder with a majority of the stockholders in the extent desired their preferences in the matter of filling of the vacancies, but we hope that we shall have been better informed of their wishes in the premises.

Those who are so situated that they can do so to render a service to the society and to the interests involved. In any event it is the duty of every policy holder to do his utmost to secure for the society the best management possible. It is the duty of every policy holder to do his utmost to secure for the society the best management possible. It is the duty of every policy holder to do his utmost to secure for the society the best management possible.

The same obligations that rest on the directors of the society rest on the policy holders. The policy holders are the real owners of the society and it is their duty to see that the society is managed in the best interests of the policy holders. The policy holders are the real owners of the society and it is their duty to see that the society is managed in the best interests of the policy holders.

# FARM FOR SILVER FOXES.

Here Alaska Animals to Be Bred For Their Fur.

Joseph J. Harrison of Philadelphia, who is connected with a fur corporation in Livingston, Mont., for the purpose, he says, of studying the climatic conditions of Park county with a view to establishing a farm for the breeding of silver foxes in this locality, says a Livingston special dispatch to the St. Louis Republic. He says the company he represents already has such a farm in Alaska, but the company wishes to experiment with the fur of animals bred in a milder climate.

"Of small animals," said Mr. Harrison, discussing the project, "by far the most valuable pelts is that of the silver fox. The company I represent makes a business of breeding animals for their pelts, but until a short time ago we never attempted to raise the silver fox, as the animal is very difficult to capture and as it usually does not thrive in captivity. We have, however, a small number of the little animals on an Alaskan farm. It has been suggested that perhaps a milder climate, and it seems to me that the conditions in Park county are favorable for the experiment."

Fast-train to Denver. Via the North-Western Line. Under the new schedule of the Union Pacific R. R., effective Sunday, May 28th there is a shortening of a half hour in the west-bound schedule of the "Colorado Special" which now arrives Denver 9:20 p. m. instead of 10:00 p. m., as formerly.

East-bound No. 12 leaves Denver 4:35 p. m. instead of 4:20 p. m. fifteen minutes later than heretofore. There will be no change in the leaving time of these trains, nor of trains Nos. 3 and 6 on the line of the Chicago & North-Western Ry.

Special Excursion Rates to Colorado, Utah and the Black Hills. Via the Northwestern Line. Beginning June 1st excursion tickets will be sold to Denver, Colorado Springs, Pueblo, Salt Lake City, Hot Springs, Deadwood, Lead and Custer, S. D., good to return October 31. A splendid opportunity is offered for an enjoyable vacation trip. Several fine trains via the North-Western Line daily. Apply to agents Chicago & North-Western Ry.

The Chicago Examiner. The EXAMINER, the leading newspaper of Chicago, has just published a unique Proverb Educational Content, in which it proposes to give away 50 prizes, a successful contestant, ranging in value from \$5.00 to \$50.00. First prize, \$50.00; amount to be given away, about \$3,000.00; contest commencing February 27th and containing one well-known proverb daily for fifty days. The contest will create a widespread interest, and THE EXAMINER is advising that orders be given to the newspaper to order, or send for (three months) mail subscription, and get the home and general newspaper published, addressing all orders to THE CHICAGO EXAMINER, Chicago, Ill.

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