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DOM. INSURANCE INVESTIGATION N.G.

No Way of Detecting Fraudulent Returns.

Dominion Superintendent Admits His Inspection Valueless as an Audit--He Simply Accepted the Company's Figures as Correct.

OTTAWA, March 14.—The first day's work of the insurance investigation developed the fact that the inspection, which is now being carried on as it always has been, would not be likely to bring to account a company which deliberately set about wrong doing.

Dominion Superintendent of Insurance Fitzgerald was on the stand all day. Among other things he said that the inspection he carried on into the affairs of insurance companies would not detect fraudulent entries on the books. All the insurance department did was to check the annual return of the companies with the books of the companies and to take an inventory of the assets. This was made in some cases six months after the statement had been submitted. If bonds and stocks returned in the statement did not appear the inspector had to take the entry on the books of the company for evidence that the securities had been sold. Mr. Fitzgerald was emphatic in stating that his work was an inspection and not an audit. His staff of five was entirely too small for an audit of even one of the companies.

Mr. Fitzgerald put in evidence the forms sent to Canadian life insurance companies and to foreign companies which they are required to fill out, showing the business they have done in Canada. The forms have to be returned by March 31 or the companies are fined ten dollars a day. This year two companies were fined, one ten and one twenty dollars a day. After the returns ar received a statement is made up and printed. It is then verified as far as possible by Mr. Blackadar from the books of the company. Later Mr. Fitzgerald makes a further examination as to values of mortgages and bills receivable, etc.

Mr. Tilley—If Mr. Blackadar differed from the return of a company as to what was an asset what would he do?

Mr. Fitzgerald—Such a thing has never occurred.

Mr. Fitzgerald said any change that was made from the original statement of a company was made in red ink. On the inspection of 1905 there were 600 corrections. These were made chiefly by Mr. Blackadar. Mr. Fitzgerald said that he had very few corrections to make, as he found very little correction to make in the values of securities. These latter corrections would not be made before the blue book was printed, as his inspection would not be completed by that time and there was always great pressure on the department to get out the book as the companies wanted it for advertising purposes.

Mr. Tilley—As a matter of fact, Mr. Blackadar takes the figures appearing on the books of the company as correct.

Mr. Fitzgerald—He does.

Mr. Tilley—He does not purpose to audit the books of a company.

Mr. Fitzgerald—No, he could not do that if he had ten times the staff we have now.

Mr. Tilley—Then there is no government audit of insurance companies' books.

Mr. Fitzgerald—There is none.

The superintendent of insurance said Mr. Blackadar's work of checking the books of a company took about four months' hard work. His own examination of the value of companies' securities was interrupted by his work in connection with parliament. It was generally finished by August or September of each year. Then the securities returned by a company might go unchecked as to value for six or seven months.

Only in a limited number of cases, Mr. Fitzgerald said, he checked the list of a company's mortgages from the actual documents. They were not produced year after year, but only when they first appeared on the list. Afterward they were assumed to be there. The bond and stock list is checked by the production of the actual documents. The par, the book and the market values appear on the company's list. The book value is what the company paid for securities. He had no means of telling whether the value appearing in the book was what the company paid. There was nothing to show from whom the bonds were purchased.

To Mr. Langmuir—He has never initialed or marked the bonds. He did with the mortgages.

Mr. Langmuir said he thought it would be a good thing to do.

Mr. Fitzgerald—It could be easily done. The only trouble would be the labor. The bonds are very numerous and marking them would greatly add to the length and labor of the inspection.

To Mr. Tilley the witness said the examination of stocks and bonds would require more than one day. The last company he examined was the Canada Life. The examination required almost three days. He was certain the same bonds and stock script were not worked upon him more than once in an examination.

Mr. Tilley—You make these examinations alone.

Mr. Fitzgerald—Yes.

Mr. Tilley—You are aided by a clerk of the insurance company?

Mr. Fitzgerald—Yes.

He brings you the bundles of bonds from the vault. You check them and he returns the bundles to the vault and brings another bundle?

Yes.

In the case of bonds and stocks that have been sold between the time of return and your examination you accept the entry sale in the company's books as correct?

In examining loans on policies he did not go over the whole list, but selected some at random. If they were found correct he accepted the whole as correct. If he found inaccuracies in any of the loans he examined he would go through the whole list. In the case of real estate values he took the price at which the companies purchased the property as the value. If he company thought it had made a good bargain and returned the value of a property higher than the purchase price he had an independent valuation made. In the case of the National Life he had reduced the value of a building it had returned. In the Home Life and Excelsior Life buildings he had an independent valuation made which bore out the estimate of the companies. In another case where a valuator employed by Mr. Fitzgerald had returned value on a property below that placed on it by the company, the company had employed another valuator who had justified the company's value and they had refused to change it.

Mr. Kent wanted to know what check there was on the figures of sales in books of the company.

Mr. Fitzgerald—If the books of the company are falsified I have no means of detecting that. The examination would be futile to extent of the falsification. My examination is in no sense an audit.

McCURDY FAMILY IS NOT YET SERVED

Although Legal Time Limit Has Expired No Action is Taken in Civil Suits.

NEW YORK, March 14—Although the legal limit of twenty days expired yesterday since the service of summons, complaints have not yet been served in the civil suits begun by the Mutual Life Insurance Co. against Richard A. and Robert H. McCurdy, Louis A. Thebaud and Colonel Raymond.

Frederick C. Allen, assistant general solicitor of the Mutual Life, who is charged with the task of formulating the complaints, explained that he had taken advantage of the legal provision permitting an extension of the prescribed limit of twenty days with the consent of counsel for the defendants.

"We have arranged for a brief extension of the time," said Mr. Allen. "The drafting of the complaints is already well under way, but I cannot say just when they will be ready for service; it will probably be within a very few days."

Family friends and former business associates of the McCurdys are eagerly awaiting detailed information as to what influence change of occupation and environment may have upon the mental and physical condition of Richard A. McCurdy. One of his former intimate friends said yesterday:

"The tragic has little real idea how terribly Mr. McCurdy has felt his humiliation. For days before he sailed for Europe he gave way to frequent attacks of hysterical grief, during which he lost all self-control and wept bitterly for hours like a grief-stricken child. This impulse to shun the gaze of persons to whom he was known, except those of his immediate family, amounted to an almost morbid mania. His pride and spirit seemed utterly broken and those closest to him feared a complete mental and physical collopse. Even before Mr. McCurdy resigned the presidency of the Mutual his condition was such that members of the board who regarded that step as inevitable found it impossible to discuss the true situation with him. Once that step had been taken he appeared to fail rapidly."

Bernard N. Baker, president of the Baltimore Trust and Guarantee Co., announced yesterday that he had accepted the chairmanship of the Mutual Life Policy Holders' Committee, with the proviso that he is to have the active co-operation of Stuyvesant Fish. He added that he regarded his incumbency of the chairmanship as merely temporary, as he hopes Mr. Fish may be persuaded to become the permanent chairman.

This means that a close and harmonious working agreement, if not an actual consolidation, is practically assured with the international policy holders' movement promoted by Stuyvesant Fish and Lord Northcliffe, with Samuel Untermyer and the Lawson proxies as immediate resources.

The avowed purpose of the crusade is to oust the present Mutual board and administration under the terms of the contemplated Armstrong bill, the passage of which will make such a revolution possible both in the Mutual and the New York Life on November 15 next, if the opposing policy holders should muster sufficient strength.

Against this bill the purely mutual companies will muster their heavy legal artillery at the public hearing in Albany next Thursday, when Henry W. Taft will probably appear for the Mutual's administration and Mr. Hornblower for the New York Life. They will argue that a law which places such vast interests at the mercy of a well organized raid of policy holders is unwise and dangerous. Mr. Untermyer will also appear for the policy holders' committee.

FIRE IN HICKMAN BLOCK, AMHERST

AMHERST, N. S., March 15.—Fire broke out here this morning on Victoria street in the Hickman House block. The fire was discovered by Richard Belliveau, night clerk at the Amherst Hotel. The alarm quickly sounded, and the firemen responded promptly. With much difficulty the flames were confined to the one building. The main store of the building was undergoing repairs preparatory to its occupancy by C. B. Stevens & Co., late traveller for Manchester, Robertson, Allison, Ltd., St. John. His goods were at the freight house, so fortunately his loss will not be heavy. Mr. Shane had a clothing store on the second flat. His loss will be $700. There were a few smaller losses by other tenants. The building itself is badly wrecked, but is partially covered by insurance. Stevens & Co.'s store will be delayed in its opening for two or three weeks, pending repairs to the building.

ANDREW HAMILTON EXPOSES N. Y. LIFE

Lobbyist and Briber Implicates High Officials.

"Curs and Traitors," He Calls Them--They Knew Where Every Dollar Went--Tremendous Sensation Before the Insurance Committee.

ALBANY, N. Y., March 15.—Andrew Hamilton appeared before the insurance investigating committee this afternoon and broke the silence which he has maintained (except for his statement brought from Paris by John C. McCall) ever since his name was first mentioned during the investigation, in connection with the great sums of money shown to have been paid to him during the past ten years on account of his legal and legislative work for the New York Life and other insurance dompanies.

It would be difficult to exaggerate the sensation produced by his unexpected appearance and by the speech which he made, or the intensely dramatic character of the whole proceeding. His face flushed and his voice trembling with passion, his arms upraised and his fists clenched, Judge Hamilton poured forth a flood of denunciation and invective upon the members of the board of trustees of the New York Life insurance, several of whom were present, denouncing them as "curs and traitors," and paying especial attention to one unamed, whom he described as "the Pecksniff of three administrations, the confidant of Beers scandal and author of the Beers prison—who rotates through one administration and another, and thinks that he is going to be an indispensable member of yet another."

Among those who sat near as he began his bitter arraignment of the New York Life trustees were the following members of the board. Rufus S. Weeks, vice president and actuary; T. A. Buckner, vice president; D. P. Kingsley, vice president; John C. McCall, secretary, and J. H. McIntosh. There was a rumor that Wm. B. Hornblower was in the city, but this was denied and he could not be found.

Asked if he had anything to add to this speech, Judge Hamilton said: "I guess this is enough for today."

"I wish to thank you," Judge Hamilton began, "for permitting me to appear at this opportune moment following my former associate of the New York Life and I wish to state that my remarks here will be confined entirely to the New York Life Insurance Co. and the gentlemen who manage it.

"For the other companies I have a high and loyal respect, because so far as I have seen I have not yet found amongst them curs and traitors.

"I address you upon, and in advocacy of one bill solely, which I have not read, but the purport of which appears in the papers—and I say that it is your duty to report in favor of the measure that will remove the trustees of the New York Life Insurance Co. upon Nov. 21st next, arbitrarily.

"I look around this circle and I see here many members of that board of trustees. I see amongst them men who have sat and listened to the stories of my victories in their behalf, and applauded.

"Why, when they say they did not know what was going on, it excites my laughter and derision.

"There never was a line or a thing that was done in the New York Life in my administration of my department, but the executive officers, one and all, were conscious of what the purpose was, or what the object was and of what the expense was. I challenge contradiction.

"Now when the first month came and my voucher went in, that was the time to have said to me: 'You have submitted a proper voucher,' and whose duty was it to do that? The auditing committee of the trustees. Were they perfunctory? No; salaried, a special salary for chairman, another for deputy, a due compensation for others that attended. Suppose that it passed the first month. When the accounts came in, the vouchers were therefore protection in the hands of the company. The first year passed and there was no objection and the second year and the third, and when the cry came out they said: 'Well, we did not know anything about it. This is the fellow. This is the man that has done it all.'

"Never, as the evidence of your investigation shows, until you reached it was there a single criticism. They sat there cashing the emoluments that came to them for the performance of their duty with the vouchers there under their noses, and if they took them and looked at them, why, then, they approved what was done and I stand approved.

"Let me say this to correct the press assertions, and which nobody on the part of the company has assumed to do, that what is called the Paris account was actually reported upon and passed upon by the accounting committee of the N. Y. Life. And let me say further that never a dollar of the N. Y. Life's money passed through my hands to which I did not put my 'John Hancock.'

"'Well, send for the judge. The judge will come.' 'Sit down. Well, what is the trouble?' 'Well, heavens! if this bill passes we might as well get out of that state.' 'Well, all right, we will have to see what the objections are to it; we will have to agitate; we will have the press do something; we will have to have the politicians do something; we will have to have the agents do something; we will have to have the policy holders do something; we will get men of influence to go ahead and see if we cannot beat it.'

DOCTOR OPERATES WHILE FIRE RAGES

Coolness of Physician Saved Life of Patient—Damage to Trull Hospital

BEDFORD, Me., March 14.—With the roof ablaze, and a gang of firemen working to stop the flames, Dr. N. W. Emerson of Boston, and Dr. Franklin Ferguson of Bath, continued a surgical operation begun in the Trull Hospital just before the discovery of the fire this morning. The patient was Mrs. Carrie Spinney of Bath.

Dr. Emerson proceeded with the operation with the same coolness that would have characterized his work had he been operating in a room thousands of miles from the fire. Smoke was pouring from the building, and the din of fire apparatus added to the excitement and threw the other patients into a state of nervous excitement. Confident that the firemen would take care of the blaze, Dr. Emerson resolved to look after the patient he was operating upon.

Mrs. Spinney was moved by Dr. Emerson, his assistant and nurses of the institution to the women's department on the floor below, where he had started his operation. Wather thrown into the building by the firemen leaked through the ceiling and Dr. Emerson called for umbrellas.

These the nurses held over the patient on the operating table, and in a short time the operation was brought to a successful conclusion by Drs. Emerson and Ferguson, and the patient, Mrs. Spinney, was removed to more comfortable quarters.

Meanwhile the nurses, under the supervision of Miss Potter, head nurse, carefully wrapped all the patients, 11 in number, and assisted in carrying them to ambulances and carriages that had been summoned as soon as the fire was discovered. Residents of the vicinity rendered assistance in removing the patients and local physicians hurried to the hospital and offered their services.

Some of the patients were taken to the nurses' home and others into homes in that locality. Despite the severe cold, none of the patients suffered from their hasty removal.

The location of the hospital is one of the highest points in the city, and Biddeford's two fire engines and one from Saco were utilized, and the fire was confined to the upper two stories, though it worked down between the walls and did considerable damage in the lower story.

The Trull Hospital was built five years ago by Dr. J. F. Trull of this city. The land, building, furnishings and equipment are valued at $40,000. The loss is estimated at $20,000. The insurance was $15,000, of which amount $12,000 was on the building. It is the only hospital in York Co., and receives much patronage from patients living outside this city. A free bed was maintained by a fund raised by the Trull Hospital Aid Association.

Defective wiring is believed to have caused the fire. Dr. Trull this afternoon engaged the residence of Kenneth W. Sutherland on South street, as a temporary hospital. He intends to rebuild at once.

When advertising is judiciously and persistently done, I believe it will always pay.—Geo. P. Bent, Chicago.

For Breakfast Luncheon or Tea

A few small biscuits easily made with Royal Baking Powder. Make them small—as small round as a napkin ring. Mix and bake just before the meal. Serve hot.

Nothing better for a light dessert than these little hot biscuits with butter and honey, marmalade or jam.

You must use Royal Baking Powder to get them right.

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MERIWETHER AVENGED INSULT

Facts Which Tend to Justify Fight With Branch.

Victim Said to Have Spoken Slightingly of Meriwether's Mother and Grandmother.

WASHINGTON, March 13.—An interesting circumstance in connection with the Branch-Meriwether fight at Annapolis, which resulted in the death of Midshipman Branch, is disclosed in the testimony recently taken by the investigating committee of the house which went to the academy to make an inquiry into the subject of hazing.

The individual members of the committee returned to Washington with the personal belief that young Meriwether had more justification for his fight with Branch than has heretofore been made public.

MIDSHIPMAN MERIWETHER.

It appears from the evidence given before the committee that there had been some ill-feeling between the two boys. One evening, according to the evidence, Branch came into Meriwether's room and picked up several letters which the underclass man had received. Among them was one from his mother and one from his grandmother in New Orleans.

The mother's letter was written upon the letterhead of a firm by which his father was at one time employed. Branch is said to have made slurring remarks about Meriwether's mother because she used that sort of stationery.

Branch, it was declared, even went further and read a letter which Meriwether had received from his grandmother, an old and feeble woman. The handwriting was cramped and difficult to read and there were several words misspelled. Branch made fun of the letter. Then he is alleged to have taken her photograph, which she had just sent to her grandson, and to have held it up to ridicule. It was tinted rather dark and Branch suggested that it might be the picture of a negro and insinuated that Meriwether was of negro blood.

Branch's remarks were of such a character and said with such a tone of insult that Meriwether became indignant. He thought the matter over for a time and then went to Branch's room and found the upper classman in bed. He asked him to get up and fight with him there, in order that he might avenge the insult. Branch refused to fight then, but agreed to accept a challenge, which was given and which resulted in his death.

Representative Vreeland, chairman of this investigating committee, today submitted to the house of committee on naval affairs its report with respect to hazing. The belief is expressed that hazing at the present time does not exist.

The committee recommends graduated punishment for offenses of this sort, and the substitution of a system of demerits for minor breaches of discipline rather than dismissal for trivial acts and boyish pranks.

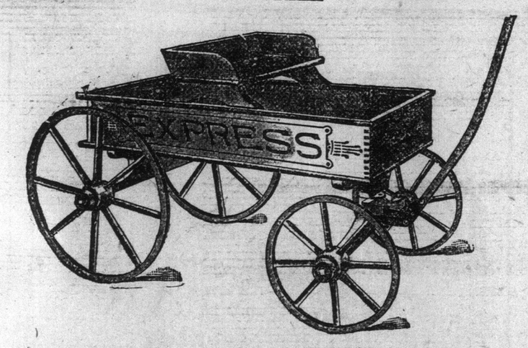
The report passes a mild criticism upon Rear-Admiral Brownson, until recently superintendent of the academy, for his action in releasing the midshipmen from their pledge to him not to haze during his incumbency at the academy and for regarding the promise of the cadets to him as a personal one rather than as made to the superintendent of the academy.

The most striking virtue of the boys at the academy which the committee found was their truthfulness, th being the greatest abhorrence and testation of a lie. From Septembe 1901, at the time Admiral Brown left the academy, to December 12, the time of the Kimbrough incident, there were sixty midshipmen of the first-class, ninety of the second, 131 of the third and 281 of the fourth implicated in various acts of hazing, most of the cases being of a minor character. Under the present law, had it been enforced, nearly all the midshipmen would have been dismissed. Cadet officers not only failed to report these cases, but often took part in the hazing themselves.

WM. TRAVERS JEROME.

NEW YORK, March 13.—A dastardly attempt to assassinate Rev. Dr. Chas. H. Parkhurst, the noted divine and reformer, has been brought to light. His conspirators were seeking revenge for raids made upon disreputable places at Dr. Parkhurst's instigation.

Express Wagons



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St. John, N. B., Mar. 17th, 1906.

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