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STARTLING REPORT MADE

ROTTEN BOOK-KEEPING SYSTEM

Severe Criticism Made of Insurance Commissioner's Methods of Conducting That Department—Experts Required by Committee to Make Investigation—Books Kept in Woeful Condition—Law Requiring Companies to Make Deposits Not Complied With—Record of the Deposits Made Kept in Vest Pocket Book, with Entries in Pencil—Many Duties of Office not Properly Discharged—Fish Commissioner Rapped.

Special to The Observer.

Raleigh, Jan. 23.—The legislative committee of the 1907 General Assembly, which has been engaged the past month or longer in the investigation of the records and general office conditions in the State Treasury, the Auditor's office and the office of the State Commissioner of Insurance transmitted its final report to the General Assembly to-day and it includes a number of sharp criticisms, especially of the Department of Insurance, as well as of the Auditor's office for auditing claims not clearly grounded on the statutes cited as authorit. This last is possibly a criticism of the Council of State rather than the Auditor in several respects, as the general condition and management of the Auditor's Department as well as that of the State Treasury are highly commended.

THE INSURANCE DEPARTMENT.

After detailing the insurance carried on State property by the department, the aggregate being $2,191,900, the report continues:

"Upon the examination of the books and accounts in the office of the Insurance Commissioner, your committee was unable to make any examination which would be satisfactory to them and just to your honorable body, to whom we were required to report the result of our investigation. We, therefore, secured the services of an expert accountant to assist us in making the examination, which we felt it our duty to make. We transmit to your honorable body the letter directed to us by the gentlemen who made this examination:

"To the Honorable Board of Commissioners Appointed to Investigate the North Carolina State Offices, Raleigh, N. C.

"'Gentlemen: Agreeable with your request we have examined the books of James R. Young, State Insurance Commissioner, during the period of 25 months from December 1st, 1906, and ending January 1st, 1909, and beg leave to submit the following remarks:

BOOKS NOT PROPERLY KEPT.

"'We find that the books have not been properly kept and balanced, and that no cash book has been kept, showing the accurate receipts and disbursements of the funds handled during the period of our investigation. Neither could we find at any time before or since the period of our investigation been furnished a trial balance sheet had been rendered, showing the balance on hand, if any; therefore, we have been unable to determine what balance, if any, the State Insurance Commissioner should have had on hand or due the State on December 1st, 1906. However, we find that his bank pass books show a balance in bank December 1st, 1906, of $12,152.96, in which should have been $3,248.40 belonging to the investigation of the fire fund according to the commissioner's record, leaving a balance of $8,904.29. Owing to the condition and manner in which the books have been kept, we are unable to determine where it belongs, except that the commissioner claims it has been his custom to always keep some $5,000 or $6,000 of his personal funds in this State depository bank to meet all balances that may be due to the State and not included in his remittances to the State Treasurer. We are also unable (without consuming more time and going further back into the records than the committee felt it was their authority) to determine the accurate ledger balance on December 1st, 1906, for the reason that we found in some instances where business handled during the period of our investigation, which began December 1st, 1906, had been entered on the ledger prior to that date, but we did not go back enough to determine all charges against the commissioner for business so entered that belonged to the period of our investigation.

"'In view of the manner in which the books have been kept and the absence of a proper cash book of receipts and disbursements, the best we were able to do, with the period you wish investigated, was to establish all charges and collections of State funds according to the records found and allow credits for disbursements according to bank vouchers, which we have done, and herewith enclose statement of same showing a balance over in bank amounting to $4,985.09, and which settlement you will note does not include the commissioner's fees, charter fees, appraisals, cash and coupons which the commissioner claims were items not due to the State and were handled as a personal matter and enters in his ledger account.

NO DISPOSITION TO CONCEAL.

"'The commissioner gave us all the assistance we could ask for in making the investigation and showed no disposition to conceal any of his records, and while our investigation did not disclose any evidence of dishonesty on the part of any one handling the funds we think the system of book-keeping is very unsatisfactory and does not properly represent all accounts and items pertaining to the office of the Commissioner of Insurance as they should do, and we recommend that there be immediately installed a double entry set of books to show at all times the accurate condition of all affairs pertaining to the office, which should include fees, expenses, advance costs and all balances on hand in the shape of cash and uncollected ledger accounts. We do not present the statement attached to be absolutely correct because we do not think that an absolutely correct one could be made without going back and checking up the entire business of the office since the beginning, which we were advised was not desirable at this time; therefore the statement presented is the best we have been able to make for the period given us to investigate and the time allowed to do it in.

"'Yours very truly,
"'SOUTHERN AUDIT COMPANY,
"'By C. L. Smith, V. P.'

"We feel that the above letter fully explains the situation and needs no comment from us.

LAW NOT COMPLIED WITH.

"We find that under Section 4780, Revisal, companies depositing securities with the Insurance Commissioner are required to legally transfer same to him as Insurance Commissioner and his successors in office for the common benefit of all the holders of their registered capital policies. In a great many cases this statute has not been at all complied with, and the fact that a great many of the securities deposited here are in the nature of stocks and bonds payable to bearer shows the importance of this law being complied with.

"We further find that under Sec. 4784, Revisal of North Carolina, the Insurance Commissioner is required to keep a careful record of the securities deposited by each company. We regret to say that this section of the law has not been followed at all. We find that there is on deposit in the office of the Insurance Commissioner securities aggregating $1,000,000 and the only record (if it can be termed a record) which the Insurance Commissioner has of them is a small book which he carries in his breast pocket, and upon which some of the securities appear, all of which are written in lead pencil. Your committee desires to call special attention to this and recommends to your honorable body that this law be fully complied with at once.

"We find that Sec. 4683, Revisal of North Carolina, requires that the Insurance Commissioner should keep in permanent form a record of his proceedings, including a concise statement of the result of all official examinations of companies. This law is not kept and we have been unable to find where the Insurance Commissioner has any record of this matter.

"Under Sec. 4823 the Insurance Commissioner is required to collect a tax of one-fifth of one per cent. on all the gross premium receipts of the fire companies to defray the expense of investigating suspicious fires, and keep a separate account of all money received and disbursed under said chapter, and include same in his annual report. This has not been done and your committee is unable to find any record which is satisfactory to them of the amount of receipts or disbursements under this section, and same is not included in the annual report filed by the commissioner except in a lump sum, which in our opinion does not meet the statute.

"We find that Sec. 4783, which requires that the securities deposited by the life insurance companies to protect their policies be registered, is not complied with, as we find these securities are mingled with other securities placed by the companies for the protection of their guaranteed capital. We also find that the Insurance Commissioner makes his fiscal year end on March 31st and recommend that it be changed so as to end on November 30th, as does every other State institution.

"We find a complete and accurate record of the investigation of fires such as he is required to keep."

In conclusion the committee recommends:

"Some of the State institutions are not required to disburse their funds through the State Treasury and the Auditor, and the committee recommends that this be required of them all whether supported wholely or in part by the State, thus giving the State an insight and supervision of their management.

"That all securities deposited under Sec. 4780, Revisal, be submitted to the Attorney General, who shall with the Insurance Commissioner approve the same, especially for the reason that the bond of the Insurance Commissioner is only $25,000 and securities in his possession aggregate $1,000,000, and the State Treasurer should be custodian of all funds which belong to the State either direct or in trust.

"It appears that some of the State institutions do not report their earnings to the State Treasurer. This should be done and a statute passed to this effect."

THE AUDITOR'S OFFICE.

Treating the conditions as the committee found them in the office of the State Auditor, the records are declared to be accurately and neatly kept and the work of the department endorsed "except in that we recommend that more attention be given the law under which claims are filed against the State before the Auditor allows a warrant on the Treasury for the same. This we think will be done in future." Then follows a list of vouchers issued by the Auditor, the committee claims, without authority, and paid by the State Treasurer.

RENTED BOAT AND OFFICE FROM HIMSELF.

"We also report that the examination of his accounts discloses the fact that Mr. T. S. Meekins, fish commissioner of the State, is a member of the firm of Evans & Meekins, Manteo, N. C., and that in the discharge of his duties he is required to rent a boat and patrol the waters of North Carolina and see that the law in regard to the fishing industry is properly enforced and that he is given authority under said act to purchase supplies for said boat and crew, and that in persuance of such authority he has bought a great many articles, for which he has rendered his account. We find that each article of food supply for the past two years was bought by him from the firm of Evans & Meekins; that he has sworn to the account as a member of the firm and approved the account as fish commissioner. We further find that he has rented his own boat to the State, for which he has received the sum of $60 a month. We further find that he has rented an office from himself for which he charges $8.33 a month. We feel that it is our duty to call this matter to the attention of your honorable body as it is in violation of Sec. 3572, Revisal."

The report is signed by the full committee, R. W. Turner and J. A. Holt, on the part of the Senate, and T. W. Blount, M. B. Stickley and T. E. Ownes, on the part of the House, General Assembly of 1907.

HILARITY IN THE HOUSE.

Harshaw's Bill to Adjourn Produces Merry Discussion—It is Pigeonholed With Committee on Rules—The Highway Commission Bill Introduced in Lower Branch—Money For Equipment and Maintenance of Training School Asked For—Senate Does Nothing.

Special to The Observer.

Raleigh, Jan. 22.—In a gale of merriment, following a speech by Mr. Henderson, of Caswell, the game-legged veteran, in reply to the argument of the humorous leader of the minority, Mr. Harshaw, of Caldwell, the House to-day pigeonholed the resolution of the gentleman from Caldwell to adjourn sine die February 20th with the committee on

(Continued on Page Three).

NO QUORUM IN THE SENATE

THE STATE LEGISLATURE LOAFS

Little Work Done Yesterday by Law-Makers at Raleigh—Senator Pharr Occupies Chair in the Upper House During Brief Session—Representatives From Hyde County Beseech Legislature to Make Drainage Appropriation—The Situation Tragic to Residents of That Section—More Pay For the Commissioners of Mecklenburg is Asked—Great Variety of Men Makes Up Personnel of the Legislative Body.

Special by Staff Correspondent.

Raleigh, Jan. 23.—The contagious lethargy of the week-end, the absence of members from the city and the scarcity of business of import to be given attention were jointly responsible for a day of not-excessive consequentiality in North Carolina's Legislature. The Senate lacked a quorum and took a day off, only a scattered committee meeting here and there marking the afternoon. The House placed its stamp of approval on a batch of bills, most of them of restricted scope, favorably reported by committees.

Consciousness that a speedy adjournment is desirable, that to do little is not to do ill and that an Assembly's usefulness will not be judged by posterity on a basis of multiplicity of laws, was given expression again to-day, this time in the House, when Represeptative Harshaw, the genial and buxom Republican from Caldwell, perhaps for buncombe, offered a resolution pledging adjournment February 20th. This, like its prototype proposed a few days ago by Senator Elliott, failed, yet it evoked expressions of a sentiment which at heart is in perfect agreement.

The remark of a substantial Representative in private conversation gives evidence of a prevalent feeling that "our folks sent us here to prevent and not to foment legislation."

The level-headed legislators from the County of Mecklenburg have their eyes on the agitation which is seemingly arising among their people in regard to the depository plan of solving what may now be termed the prohibition problem. The fate of the idea will of course rest with them, unanimity in its favor being almost essential to its success. Their attitude in the matter thus far is noncommittal. They will wrestle with that proposition when they have to and in the meantime are not courting trouble.

PHARR IN CHAIR.

Senator H. N. Pharr, of Charlotte, this morning occupied the chair of the Senate during its brief session, which was adjourned on the point of no quorum. Nine members are out of the city on committee service, and the motion yesterday to adjourn until Monday failed of passage by but 4 votes.

A petition has been received by Mecklenburgers in the Legislature, signed by citizens of their county, asking that the salary of the chairman of the board of Mecklenburg commissioners be increased from $75 a month to $125, and the pay of the commissioners be raised from $2 to $4 a day. The proposition is under consideration now.

DRAINAGE OF MATTAMUSKEET.

Declaring that the overflow and seepage from Lake Mattamuskeet in the heart of Hyde is rendering valueless the richest agricultural land in the State and rapidly depopulating one of the most prosperous of counties, representatives of that section are beseeching the Legislature to order the lake drained, the land reclaimed to remain the property of the State. As an alternative proposition, they ask the State to grant the lake to them that they may do the work at a cost estimated at from $100,000 to $200,000.

The situation depicted appears to be serious as well as interesting. To the residents in that county it is tragic. "If the Legislature turns us down, I'm not going to return home," declared one this morning in conversation with the writer. "I'm going out to seek a position. I own 500 acres of the best land in Hyde, the best corn land within the borders of North Carolina. Yet in the last three years I have not made a bushel of corn. The population of the county has been reduced one-third. The laborers have departed and now it looks as if the landowners must follow them to look for positions. The people of the State do not realize what we are suffering."

Mattamuskeet lake, the cause of all the trouble, is a body of water 20 miles long, 6 miles wide and at present about 4 1-2 feet deep. It covers, it is estimated, 70,000 acres of the richest of soil. Estimating the value of this at $10 an acre, the Hyde people say, the State would have a property worth $700,000, while in reality the land adjoining is worth or would be were it not for the lake, $40 or $50 an acre. Of this there are 40,000 acres which are devastated and made to sink when the wet season makes the body of water rise. Drainage will have to be accomplished by pumps. The top of the lake is two feet above Pamlico sound and also above the lowlands.

Chief J. O. Wright, of the United States bureau of irrigation and drainage, has investigated the matter and will be here Monday to report. One conference has already been held with the Governor.

"A few years ago we shipped down Fairview canal 150,000 bushels of corn," declared one of the Hyde men. "In 1906 we shipped 13,000 bushels; in 1907, 11,000; in 1908, 9,000. And thus it goes."

The wet spells have been visiting the section for a long time. In 1867-68, 1877-78, 1897-98 both lowlands and highlands were rendered unproductive. In 1885 the State cut a drainage canal. No bill has yet been drafted on the subject.

VARIED LOT OF FELLOWS.

The infinite variety of North Carolina's people is nowhere more easily seen than at the gathering of her statute-makers. At State conventions a larger number of types find representation, for in that case there is little of the preliminary sifting out process. The very multiplicity of varying characteristics there is likely to confuse the would-be classifier according to section, whose occupation is after all largely a matter of imagination. The General Assembly, however, arrays a body whose members in a broadly general way are comparable.

What a State must this have been had not Tennessee been cut off! In contemplating the almost unexampled diversity of topographical conditions which characterize North Carolina, many an orator, young and old, has felt the ardor of eloquence kindle into flame within him. "The far-reaching peaks, sun-kissed, which tower in solitude" in the West, and the "thunder of the storm-tossed waters of the Atlantic" are unfailingly called into service by the speaker who would convey a mental picture of the State's greatness, and because they are both true and picturesque, the figures have lost none of their freshness from much use.

There is in the present House of Representatives a man who lives on Ocrocoke island, 30 miles from the mainland. And yet he is an accredited Representative of Hyde county, to which the island belongs. "I am the first Representative the island has had in the Legislature," said J. W. McWilliams, "since the war. Before the war my grandfather, Tillman Farrow, represented us for 40 years."

The island, which is a mile wide and 12 miles long, has 800 inhabitants. It is a health resort, Northerners coming there in winter to shoot ducks. The people live largely by fishing.

Then there is Representative Pierce Hampton, of Currituck, who says his sole mission at the State's capital is "to take care of the ducks," regarding ducks and water as the main assets of his county. He has been coming to the Legislature at least intermittently for two decades.

The westerners, or "hill men," have derived unlimited amusement from the committee hearings in the Davie county contested election case, which is highly complicated. "I'd hate to live on Roanoke island," said one, after a host of witnesses had stolidly given one another bad characters, and several more "tollable good characters." Attempt was made to make capital out of an alleged delay of the present registrar on the island to get the returns to the county seat four years ago. He proved that he made the trip in two days, though the weather was bad. In the meantime officers had grown uneasy and "sent after him."

V. L. STEPHENSON.

WILL NOT INCREASE PENSION.

House Votes Down Proposition to Increase Mrs. Coghlan's Pension—Increase Should Go to the Widow of the Man Who Actually Fired the First Gun at Manila.

Washington, Jan. 23.—A motion by Representative Olcott, of New York, to increase the pension of Julia B. Coughlan, widow of Rear Admiral Coughlan, United States navy, from $50 a month as provided for in a pension bill, to $100 a month created a lively interest in the House of Representatives to-day. After a vigorous debate the amendment was lost by a vote of 42 to 103.

Mr. Olcott made an impassioned appeal for the increase.

"It is," he said, "for the widow of the man who fired the first shot at Manila, and that is only one instance throughout his life of his being prepared for every emergency."

Strong opposition to the increase was made by Messrs. Hull, of Iowa; Loudenslager, of New Jersey; Campbell, of Kansas, and Sims, of Tennessee, on the ground that there was nothing unusual in the case to demand this special consideration.

Mr. Campbell declared that the man who fired the first gun on Admiral Colghan's battleship was a sailor whose name is not even known and whose widow will get only $12 a month when he dies.

"There is not a single extraordinary feature in this case," said Mr. Loudenslager. "The widow of the rear admiral was left property worth $6,700 and to allow this increase would be a criminal injustice to others who would be discriminated against."

CROMWELL ON THE STAND.

Negotiator of the Canal Deal Tells the Grand Jury What He Knows About It—Original Warrant Offered in Evidence.

Washington, Jan. 23.—Through William Nelson Chomwell, who negotiated the Panama canal purchase, the Federal grand jury which is inquiring into the alleged libelous statements of The New York World and The Indianapolis News in connection with that transatcion, to-day get at the bottom of the facts in the case.

Mr. Cromwell was under examination for over two hours. He brought with him a large number of papers. These were carefully gone over. So earnest was Mr. Cromwell in his statements that at times his voice could be heard in the corridors of the city hall, although nothing that he said could be understood.

He declined to make any statement beyond the fact that he was leaving for New York this afternoon.

An interesting feature of the hearing was the offering in evidence of the original warrant for the $40,000,000 by which the government acquired title to the canal ownership. The document was framed and was brought to the grand jury room by S. R. Jacobs, a clerk in the office of the auditor for the State department.

Other witnesses are to appear Monday.

CLUNG DESPERATELY TO COACH

Arthur Withers, of Winston-Salem, Badly Hurt While Beating His Way on No. 38.

Special to The Observer.

Lynchburg, Va., Jan. 23.—Arthur Withers, a 16-year-old youth of Winston-Salem, N. C., was seriously injured early to-day while beating his way on the Southern Railway's northbound Washington and Southwestern Limited, and he is under treatment now at a local hospital. The boy was hanging on the step outside of the vestibule of a Pullman and about 30 miles from Lynchburg was struck by something. His hip and back are badly bruised and lacerated, and the surgeon in charge of the case cannot understand how the boy managed to cling to the side of the coach until he reached here.

"Womanhood Must Be Protected," Says Negro Bishop.

Franklin, La., Jan. 23.—"I stand ready to go with the whites to-day right into hell to protect a woman, white or black, against a fiend," said Bishop E. W. Lampton, of the African Methodist Episcopal Church, in his charge to the Louisiana Conference of his Church here last night. "Womanhood must be protected; let us do our part."

Virginia Railroad Completed.

Roanoke, Va., Jan. 23.—With the completion to-day of the long bridge across New river, west of Roanoke, the last gap in the line of the Virginia Railroad, which has been built by Henry H. Rogers, from the coal fields to the sea, was closed and the first train was run through from Roanoke to Deepwater, W. Va., the western terminal.

STEAMER RAMMED AT SEA

PASSENGERS AND CREW SAVED

White Star Liner Republic and the Lloyd Liner Florida Meet in a Dense Fog Thirty Miles Off the New England Coast—Republic Carried 761 Souls, Including Her Crew, All of Whom Are Rescued by the Florida—Wireless Telegraph Spreads the News and Revenue Cutters and Other Vessels Are Rushed to the Scene—Florida Loaded With Earthquake Survivors—Sea is Light and the Republic May Be Saved.

New York, Jan. 23.—Grave anxiety prevailed here to-day and to-night as the result of the thrilling maritime drama being enacted off Nantucket on the coast of New England, following the ramming early to-day of the big White Star liner Republic with 761 souls aboard, by the steamer Florida, of the Lloyd-Italian line. The wireless telegraph played an important part in the grave incidents happening at sea, far from the shore, and proved its utility as it had never done before.

Bit by bit it told the tale, first announcing the news of the collision and the plight of the liner, which news came direct from the injured ship itself. Then it told of the rescue of the Republic's passengers, the condition from time to time of the sinking ship and finally summoned from the adjacent seas the White Star liner Baltic, the French steamer La Lorraine, the Cunarder Lucania and the revenue cutters Acushnet and Gresham.

To-night at 8 o'clock the wireless brought reassuring news from Captain Ransom, of the steamer Baltic. He said that the Republic was still afloat; that the Florida, with her own people and most of those from the Republic aboard, close to 2,000 souls in all, was nearby and that the Baltic was near the scene, standing by ready to lend aid. The steamers La Lorraine and Lucania, Captain Ransom said, were also in the vicinity and the Republic through her wireless outfit, was directing the movements of the ships of rescue.

FLORIDA'S BOW CRUSHED IN.

It is presumed here that the great load of human freight aboard the Florida will be transferred during the night, weather permitting, to the three staunch liners, and that all the ships will stand together until revenue cutters and wrecking vessels which have been despatched can reach the scene. The Florida has her bow crushed in, wireless messages stated to-night, which would indicate that she was the vessel that crashed into the Republic early this morning in the thick fog and caused the latter's plight.

The fog is still heavy to-night all along the coast, but the weather is mild, and there is comparatively little wind and sea, a blessing in the face of the serious situation.

A harbor steamer, the General Putnam, has been chartered and is awaiting at the White Star pier ready to steam to sea to meet the Florida or any other vessel that may bring the rescued passengers to port. The idea is to have the steamer meet the rescue vessels in the lower bay, take off the shipwrecked passengers and bring them to the city where they will receive every care.

The White Star offices will remain open throughout the night and all of Sunday for the purpose of expediting relief matters and keeping the public informed of the situation.

Among those on the Republic were James B. Connolly, the writer of sea tales, and Alexander S. Bell.

WIRELESS MESSAGE SUMMONS HELP.

The White Star line steamer Republic, bound from New York to the Mediterranean, having on board 761 souls, of whom 250 were American cabin passengers, was rammed during a thick fog at 6:20 a. m. to-day by an unknown vessel off Hantucket island, and only escaped immediate sinking by the prompt closing of her water-tight compartments.

All of her passengers, including 211 in the steerage, were transferred three hours after the accident to the Italian steamer Florida, bound from Naples to New York, but the officers and crew of the Republic refused to leave the ship so long as there was a chance of keeping her afloat.

Wireless telegraphy played an important part in the accident to the Republic, for it summoned about her in a few hours a fleet of three large ocean liners—La Lorraine, of the French line; the Baltic, of the White Star line, and the Cunarder Lucania.

It is apparent that the Florida must have been between 30 or 40 miles off her course in being anywhere near the Republic, as the eastbound and westbound steamer lanes here are that distance apart.

As soon as the Republic had been struck and the extent of the damage had become known, wireless calls for assistance were sent broadcast over the Atlantic. All vessels within range were asked to hasten to the scene.

CUTTERS TO THE RESCUE.

The call for help was first recorded on land at the Charlestown navy yard at 8 o'clock this forenoon. It said: "To revenue cutter Gresham, Boston: Steamer Republic in distress and sinking. Latitude 40.17, longitude 70, 26 miles southwest of Nantucket."

The Gresham was not at the navy yard, but intercepted the appeal in Providencetown harbor. She started immediately for Nantucket. Other wireless apparatus also caught the flying message and in a short time the cutter Acushnet was on her way out from Wood's Hole; the Mohawk, another revenue cutter, had started from New Bedford, and the Seneca had been ordered out from New London, Conn.

The Mohawk soon ran aground, while the Acushnet did not get outside of the Vineyard sound, and later came back to assist another vessel in distress. In the meantime the Baltic and La Lorraine, both of which had passed the Republic a few hours earlier and were speeding into New York, heeded the call for assistance and put about.

The Lucania, which was to the eastward of Nantucket lightship, also pressed on to the assistance of the Republic.

The collision, being amidships, almost immediately flooded the engine room of the Republic and of course rendered her absolutely helpless. Fortunately, her wireless equipment was well supplied with storage batteries and these were used for more than six hours, until they gradually became exhausted. After that, recourse to signalling by means of submarine bells was adopted.

PASSENGERS TRANSFERRED.

In the middle of the forenoon the transfer of passengers to the Florida was made, and although the fog was very dense, unusually calm weather for this season of the year in the North Atlantic enabled the transfer to be made without accident. Only human beings were taken in the lifeboats which made the passage between the two vessels, all baggage being left on board the Republic. By noon the Baltic and La Lorraine were close to the scene of collision, but owing to the dense fog, were unable to locate the Republic, although the submarine bells could be heard frequently.

During the forenoon the fears of the thousands of friends of the passengers on board, many of whom had besieged the officers of the White Star line were somewhat allayed by the receipt of a more assuring message from the captain which read as follows:

"Steamship Republic, off Nantucket, when 26 miles south of Nantucket lightship this morning was run into by an unknown vessel. Engine room full of water. Can remain afloat. No danger. No lives lost.

"SEALBY, Captain."

After this came the still more encouraging report that the Florida had taken off the passengers without accident. The Florida is about two-thirds the size of the Republic and four years old.

EARTHQUAKE SURVIVORS ON THE FLORIDA.

Her length is 381 cubic feet; her breadth 48 feet, and her draft 25 feet. The Republic's passengers found 900 returning Italians, many of them survivors of the earthquake, on board the Florida, which left Naples on January 9th.

The prompt closing of the Republic's water-tight compartments which kept her afloat and undoubtedly saved the lives of many of those on board. In the afternoon it was learned from the Baltic that these compartments were still holding the vessel above water, but that the bulkheads and compartment doors were under a fearful strain and likely to give way at any moment.

Notwithstanding this, the crew clung by the ship in the hope that the Baltic or the Lucania and perhaps the La Lorraine would come alongside and take them off.

The Republic is 570 feet long, 67.8 feet beam, and had a draft of 24 feet. She registered 15,378 tons gross, and is equipped with twin screws, giving her a speed of 16 knots. She is fitted with a single funnel and with four masts.

The hull of the Republic is extraordinarily strong and is of the cellular, double-bottom type.

LAST OF MARINES LEAVE.

Cuba Bids Farewell to the Last Ship Load of American Marines—Gomez Announces His Cabinet.

Havana, Jan. 23.—The last of the marines sent to Cuba as part of the American army of pacification sailed out of Havana harbor this afternoon on board the naval transport Prairie for Newport News. This last detachment consisted of 400 men and officers, Lieut. Col. Franklin J. Moses commanding.

The transport McClellan will sail January 28th with the officers of the army who have been serving in administrative capacities in the provisional government as the advisers of the native heads of various departments. The McClellan will follow in the wake of the scout cruiser Salem, on which Governor Magoon will take his departure immediately after the inaugural ceremonies at the palace on Thursday next at noon. The battleships Maine and Mississippi will escort the Salem out of the harbor.

President-elect Gomez has made the following announcement of his Cabinet: Secretary of Government, Nicholas Alberdi; Secretary of State, Justo Garcia Velez; Secretary of Finance, Marcellina Diaz de. Villegas; Secretary of Justice, Luis Octavio Divino; Secretary of Sanitation, Dr. Mathias Duque; Secretary of Public Works, Benito Laguereuela; Secretary of Education, Dr. Ramon Meza; Secretary of Agriculture, Ortello Foyo.

WILL NOT FIGHT SUIT.

Mrs. Leavitt's Husband Will Not Oppose Her Suit For a Divorce—Petition is Based on Incompatibility of Temper and Non-Support.

Paris, Jan. 23.—William Homer Leavitt received yesterday from Thomas S. Allen, his wife's lawyer at Lincoln, Neb., notification that Mrs. Leavitt, who is a daughter of William J. Bryan, had filed a petition for divorce on the ground of incompatibility of temper and non-support. He was questioned on the matter today, but declined to discuss it, saying he did not desire to embarrass his wife in any way.

Mr. Leavitt will not oppose the suit. With his mother, with whom he has been living in Paris, he will leave in a few days for America. His departure is in no way connected with the suit, but is part of his plan to exhibit his painting "The Last Supper" in the United States.

Mr. Leavitt's friends in the Latin quarter, who esteem him highly as a serious and hard working artist, say his life has been exemplary. They are of the opinion that Mrs. Leavitt's decision to obtain a divorce is due entirely to her nervous temperament. She has suffered from neurasthenia for the last two years.

Thirty-Third Degree Masons at Savannah.

Savannah, Ga., Jan. 23.—Six members of the supreme council of the Southern jurisdiction Scottish Rite of Free Masonry will come to Savannah during to-morrow and Monday for a meeting at which the literary policy of the jurisdiction through its official paper The New Age, will be determined upon. The Southern jurisdiction comprises all the world except sixteen Northern States of the United States. It has been four years since so many of the supreme council have been together. Those who will be here are G. F. Moore, grand prior, Alabama; N. F. Pierce, grand chancellor, California; R. J. Nunn, grand minister of State, Savannah; H. S. Cunningham, first grand equerry, Oklahoma; J. W. Morris, grand standard bearer, West Virginia. All are thirty-third degree Masons.

Prohibition Bill Ready For Governor's Signature.

Nashville, Tenn., Jan. 23.—The bill prohibiting the manufacture of intoxicating liquor in the State which passed both houses of the General Assembly probably will go to the Governor Monday, when the Executive will have five days in which to consider it. It is not believed he will sign the bill. The general impression is that it will be passed over his veto.

TAFT CHARLESTON'S GUEST

BIG BANQUET CHIEF FEATURE

In a Style All Its Own Charleston Receives and Entertains the President-Elect—Stops at the Country Club and Spends a Few Hours on the Links Before Turning Himself Over to the City—Chief Speaker at Banquet Last Night, Being Introduced by Mayor Hemphill—Will Attend Unitarian Services This Morning and Spend the Afternoon in the Country—Cruiser North Carolina Passes Safely Over the Bar.

Charleston, S. C., Jan. 23.—Without possum on the bill of fare, without official pomp or ceremony, Charleston is entertaining the President-elect with her own quiet and unique but full-hearted brand of Southern hospitality. Her cup of pleasure is doubly filled, for not only is Mr. Taft her guest for two days, but the big cruiser North Carolina has demonstrated that there is at least "30 feet of water over the bar" and is lying at anchor within a stone's throw of the dock waiting for sailing orders Monday, when the President-elect and his party embark for Panama. The Montana, a sister ship, will arrive tomorrow and is expected also to enter the harbor.

While Mr. Taft is provided with entertainment without interim, the feature of his visit was a banquet to-night, when his hosts were 175 of "his friends in Charleston." And the programme called for no speeches save by Mr. Taft, who was presented briefly by Editor J. C. Hemphill of The News and Courier.

Mr. Taft reached the environs of Charleston shortly before 1 o'clock today when the special train which brought him from Augusta reached Magpolia, where he alighted for luncheon and a game of golf at the country club. It was dark when, after tea had been served and many of his friends had chatted with him at the club, he reached his quarters in the Charleston Hotel. At 7 o'clock he was receiving his dinner hosts and the evening's entertainment was on.

KNOX AND HITCHCOCK EXPECTED TO-DAY.

"Just take this vase of violets from me, and don't forget to send me a postal card."

With all of her wee might, little Josephine Bass, of Branchville, delivered this unfaltering message to the President-elect to-day. She was held up to him over the heads of the crowd to which he had expressed his pleasure at greeting. Mr. Taft took the flowers and pledged the card. And this was the only incident of the trip from Augusta. A foursome on the links of the country club occupied Mr. Taft for a couple of hours.

To-morrow he will advise with Messrs. Knox and Hitchcock, who are expected in the morning. He is to attend at the Unitarian church, and spend the balance of the day in the country, taking lunch as the guest of Mr. Edwin Parsons, and tea on the original tea plantation of the country, near Summerville, as the guest of Charles U. Sheppard. Mrs. Taft is expected in the morning.

After a very brief introduction by Mr. J. C. Hemphill, Mr. Taft remarked apropos that to make a President out of a mere newspaper reporter took a great deal of work at which he had grieved.

Charleston came in for a round of praise which ended with the facetious remark that his visits were now requiring more and more courage on account of the political explanations which his entertainers seemingly have to make. In this connection he spoke of the two "Democratic" papers. He wanted to get hol dof "that gander" that he might make it a mascot on the cruiser North Carolina. He had reference to the Bryan campaign contribution gander which Editor Hemphill acquirer and raffled.

Charles P. Had Nothing to Do With Canal Case.

Savannah, Ga., Jan. 23.—"I have had no hand in the prosecution of the alleged Panama canal libel case," said Charles P. Taft, brother of the President-elect, who with the brother-in-law of President Roosevelt, was referred to in a pointed way in regard to the sale of the canal to the United States. "I simply was subpoenaed and I testified before the grand jury, but I did not start and am not pushing the case, though the publications were certainly libelous."

Mr. Taft, with his wife and daughter, are here, guests of Mr. and Mrs. George Baldwin and are on their way to Cuba. "My brother has had the time of his life in Georgia," he said.

LEGISLATIVE COMMITTEE VISIT.

Inspection of State Hospital at Morganton—Result Apparently Satisfactory.

Special to The Observer.

Morganton, Jan. 23.—Sub-committees of the Senate and House committees of the Legislature on insane asylums arrived here Thursday night and departed this morning, having devoted the intervening time to the inspection of the State Hospital, the buildings and grounds, the farm, stock and cattle, and to acquiring all the information possible about the operation of the institution in all its details. The visitors were: For the Senate, Messrs. J. W. Burton (elected chairman of the joint committee), J. A. Spence, B. T. Holden, Edward Hawes, F. P. Latham and J. O. Matthews; and for the House, Messrs. J. T. Foy, F. B. Hooker, J. M. Julian, J. G. Butler, J. M. Mitchell, J. R. Smith, J. I. Campbell and R. J. Gaston.

These gentlemen applied themselves most diligently to their task, visiting the Hospital in all its departments and surroundings, including the colony, and asking every variety of question about its financial affairs and practical workings. It was a serious-minded body of men, which evidently had but one object in mind, to-wit: the acquisition of all knowledge that could be of any value to it in framing its report, which will be made next week. It is believed from the expressions given that the general opinion of the members was favorable, and they missed little, having been busy day and night.

The visitors were entertained at the institution and last night attended the patients' weekly dance, which they seemed to enjoy greatly.

Negro Fireman Run Over by Wagon.

Special to The Observer.

Durham, Jan. 23.—While rushing to a fire this afternoon that had originated in the barn of Mr. H. A. Foushee, John Burnett was thrown to the pavement and run over by the firewagon. The colored fireman was badly injured by the heavy wagon that passed entirely over him. There were no broken bones, so far as could be learned, and the injured man will recover.