

Democratic Watchman

Bellefonte, Pa., Nov. 8, 1895.

To CORRESPONDENTS.—No communications published unless accompanied by the real name of the writer.

THINGS ABOUT TOWN & COUNTY

—“Rheumatix” has driven A. J. Gries, of Unionville, to the use of a crutch.

—Ray Martin has left Milesburg for the Juniata orphan school with very sore eyes.

—The Shakespearian recitals at the Y. M. C. A. hall by Prof Fred Going are attracting considerable interest.

—Mr. James Storm, father of barber W. C. Storm of this place, is dangerously ill at his home in Tyrone.

—Ex-mail carrier John Wagner has succeeded F. Peebles Green as watchman at the Centre county bank.

—If you are contemplating doing any fall advertising remember that the WATCHMAN is the best medium in the country.

—The Daily News made the startling announcement, on Saturday, that the Democrats had given up the fight. Of course it knew.

—J. E. and J. C. McGowan, formerly proprietors of the Pennsylvania house in Tyrone, have leased the Man-sion house in Clearfield.

—Bellefonte's Chinese laundry-men have given up their struggle for an existence in this place and moved away during the fore part of the week.

—Wm. Holmes is laid up at his home in Milesburg owing to his having cut his ankle bone with an axe while working at the “black horse” log camp.

—Because the goose bone is nearly all white this year old sign readers say that the snow will fall early in December and cover the ground until late in April.

—E. M. Huyett has retired from the firm of Huyett & Rearick Centre Hall foundrymen. Mr. Rearick will conduct the business himself and start the foundry soon.

—William Daily has become night watchman at the C. R. R. of Pa., station in this place. He expects to be in condition to go on the rail-road again by the first of the year.

—The Saturday issue of the Philadelphia Evening Telegraph alludes, editorially, to the Pennsylvania State College foot-ball team as “some agriculturists from Bellefonte.”

—Millheim Knights of the Golden Eagle are promoting the social side of their order. An oyster supper at the home of Mrs. H. E. Noll was one of their latest entertainments.

—On the 14th inst., ex-treasurer James J. Gramley will move his family from this place to his farm near Hubersburg. Ammon, his son, will move thence to a farm in Clinton county.

—Harry Larimer, a son of grocery-man R. G. Larimer, won the bicycle that was given away by the “Two Johns” company, on Wednesday night. He had more votes than either Charles Anderson or Lee Adams.

—Possibly two of the heaviest men who have ever been in Bellefonte were the comedians in the theatrical company that appeared at Garman's, on Wednesday night. They were the “Two Johns” whose combined weight is 700 lbs.

—The Pennsylvania state convention of the Christian alliance will be held in Harrisburg from Wednesday, Nov. 13th, until the 17th inst. Meetings will be held in the first free Baptist church and the opera house. An excellent program has been arranged.

—Rev. King, of Milesburg, drove up to hear Rev. Dr. Monroe preach in the Methodist church here, on Sunday evening, and tied his horse at one of the hitching posts on Howard street. While he was at the service some rascal stole the lap robe from under the buggy seat.

—Old Henry Fry is still missing from his home at Potter's Mills. As the old man left home with a pair of cloth slippers on his feet, that were not at all suited for a long tramp, it is feared he has committed suicide. Allison's factory dam was drawn off last Sunday with the hope of finding the body in it.

—Jons Condo, a well-known resident of Centre Hall, died at the home of his son-in-law, Dr. Emerick, on last Sunday afternoon. He had been in poor health for several years and became paralyzed some weeks ago. Deceased was born Nov. 14, 1820, and was a blacksmith by trade, having lived near Penn Hall most of his life.

—Governor Hastings came home to vote, on Tuesday, and while here he and Mrs. Hastings were entertained by Mr. and Mrs. Reeder. An informal reception was held Monday evening at which many of their Bellefonte friends had an opportunity of meeting the Governor and Mrs. Hastings. The Governor and Wilbur F. Harris left for Pittsburg, on Tuesday morning, to be present at the dedication of the Carnegie library that evening.

The Complete Story of the Valentine Iron Company's Troubles.
An Open Letter from J. W. Gephart Esq., Late President, Tells it from Start to Finish—Nothing Withheld.

TO THE STOCKHOLDERS AND PATRONS OF THE VALENTINE IRON CO., AND THE BUSINESS COMMUNITY OF BELLEFONTE :

The time has now arrived for me, as one of the late officers of the Valentine Iron Co., to justify the recent management before our stockholders, patrons and the business community in which our property was located. Until the recent decision of the supreme court, and until all litigation was ended any publication on my part would have been improper. But now that the supreme court has entered a final decree on our demurrer and refused to allow us to file an answer on the merits, I consider the controversy and our business is of such a public character in this community that I have a right to attempt to vindicate myself and the entire management from the unjust aspersions and imputations sought to be cast upon us in the eyes of the public by the final decision in this most important and far reaching case. In doing this I will endeavor to avoid all feeling, state the facts impartially, and allow the public to form their own conclusions.

On August 1st, 1886, the Valentine Ore Land Association bought the property formerly owned and operated by Valentine & Co. On the same day (Aug. 2, 1886) a mortgage for \$600,000 was executed on the property. Of this sum \$400,000 was used to pay the purchase money and \$200,000 to erect the present furnace, and provide additional mining and other facilities for operating the plant on an enlarged basis.

More than seven months after this mortgage was executed and recorded on March 23d, 1887, an agreement was made by the Valentine Ore Land Association who held the property subject to the mortgage, with the Penna. R. R., the Bald Eagle Valley R. R. and the Nittany Valley R. R. Co's. This agreement was an attempt to monopolize the traffic of the furnace, to bind the Ore Land Association and the then Centre Iron Co. to give all their traffic to the Penna. system, and to prevent any future competitive line coming into this territory from securing any share of it.

The trustee holding the prior mortgage was no party to the agreement, nor in any way assisted in it. Of the \$600,000 of mortgage bondholders, those holding bonds aggregating fully \$600,000 were not consulted about this encumbrance on the property, knew nothing of it and never ratified it.

In November, 1890, the panic following the failure of Baring Bros., brought the Centre Iron Co. into financial straits. Several interest payments had been defaulted on the mortgage. Foreclosure followed, and in January, 1891, the property was sold on the mortgage and purchased by the trustee for the benefit of the holders of the entire \$600,000 of bonds. As the sale carried no corporation franchises, a new corporation was organized (the Valentine Iron Co.) to whom the property was transferred and stock issued for \$600,000 to the Valentine Iron company from being rendered worthless. For months the officers of our company attempted to prevent this injustice from being consummated. I exerted all my influence to prevent a breach—as did Judge Rhoads and Gov. Curtin. I warned Mr. Joyce, Mr. Chipley and Mr. Thompson that some of the Valentine stockholders would not submit to a changed basis of dealing with our property. But it was all to no effect.

In October and November last, it became evident that from October 1st, 1892, Mr. Joyce and Mr. Chipley were determined to practically place the Valentine furnace property on a basis to rates radically different from the basis on which adjustments were made prior to 1890, when the Centre iron company, owned and operated the plant. The only alternative was either to blow out the furnace, or to secure competitive rates. Some of the largest stock-holders chose the latter, not willingly, but because they were forced to do so through the changed attitude of your freight department. The heads of that department have forced the construction of this line, the same as they did the Beech Creek road into the Clearfield coal fields; and have alienated interest, which tried in every way to be friendly.

If Mr. Roberts and yourself have any doubt upon this subject, I would refer you to the following letters, the original or copies of which are all accessible to you, viz:

1st. A letter, dated Sept. 2nd, 1892, from Jones Wister, Pres. Nittany Valley R. R. Co., to Frank Thomson, Esq., vice Pres., of Pa. R. Co.

2nd. A letter, dated Sept. 5, 1892, to Frank Thomson, Esq., vice Pres. of Pa. R. Co., signed by myself as Pres., Robert Valentine as Secy and Treas., and Judge Rhoads, Robert Valentine and myself as the executive committee of the board of directors of the Valentine Co. All the signers of this letter are B. E. V. stockholders and two directors of that company.

3rd. A letter, dated Sept. 7th, 1892, written by Ex-Gov. Curtin to Frank Thomson, vice Pres. of the Pa. R. Co., advising against the wrong proposed, and which has since been consummated.

4th. A letter, dated Jan. 31, 1893, written on behalf of the Valentine company to Mr. Thomson.

And that you may gain an idea of the attitude of your freight department towards our company, I would respectfully refer you to the following letters, viz:

5th. Letter of Wm. H. Joyce, G. F. A. to J. W. Gephart, dated August 25th, 1892.

6th. Letter of Chas. A. Chipley, A. G. F. A., to J. W. Gephart, manager of the Valentine Iron company, dated Sept. 6th, 1892.

7th. Letter of same to J. W. Gephart, dated Nov. 28th, 1892.

8th. Letter of Wm. H. Joyce, G. F. A. to J. W. Gephart, Sup't. Nittany Valley R. R. Co., dated Feb. 10th, 1893.

that agreement. No concessions in rates or otherwise were ever made to the Valentine Iron Co. or even claimed to be made under that agreement. No consideration of a single dollar, and not even a pin, ever passed from the Penna. R. R. Co. to the Valentine Iron Co. for the renewal of that agreement. If any such renewal ever occurred it was without corporate action by the board of directors or the stockholders of the Valentine Iron company, and without consideration. How such a renewal of so important a contract under these conditions was possible I never was a lawyer enough to comprehend. And did our company ever secure a legal adviser who imagined such renewal ever would be forced on the property under these indisputable facts.

Our company had renewed and re-petaed controversies with the freight department of the Penna. R. R. Co. on rates. But we never claimed any special rates because of the 1887 agreement. All we claimed were the same rates given to Bellefonte furnace company and every other furnace in the Central Penna. district. Even these we never received, as we were prepared to prove had the supreme court allowed us a chance.

The fact is we never received our just rights under the laws against discrimination, and were not only not favored but actually discriminated against.

This controversy and difficulty about rates began in June, 1891, and continued until February, 1893, and finally led to some of our principal stockholders assisting in securing the building of a competitive line to save their stock. A sufficient resume of this controversy will be found in the following letters which speak for themselves:

PHILADELPHIA RAILROAD CO.,
Office of Assistant to the President,
PHILADELPHIA, PA., May 27, 1893.

MR. J. WESLEY GEPHART, PRESIDENT VALENTINE IRON COMPANY, BELLEFONTE, PA.

Dear Sir:—We are advised that the Valentine iron company (through you its president) for itself and lessee of the Nittany Valley railroad, is aiding and encouraging the construction of a competing line of railroad in the territory covered by the agreement dated March 22, 1887, made with the Bald Eagle valley railroad company, and which, if true, is in violation thereof.

Will you kindly favor me with a prompt reply, stating whether or not our information is correct? Yours truly,

(Signed) SAMUEL REA,
Asst. to President.

BELLEFONTE, PA., JUNE 2ND, 1893.

SAMUEL REA, Asst. to President, to President, 233 S. Fourth St., Philadelphia, Pa.

Dear Sir:—Your favor of 27th ult., received.

This company was incorporated Jan. 29th, 1891; and, of course, could not be a party to an agreement dated and executed March 22nd, 1887.

Since the organization, I have been one of the officers, and, as far as my recollection goes, no corporate action has been taken which could in any way be construed as bringing the Valentine iron company under

any of the agreements or obligations entered into by either the Valentine ore land association, the Bellefonte iron company or the Nittany Valley company.

It would be difficult, therefore, for us to violate said agreement, if we are not party to it, and in no way bound by its provisions.

The Valentine iron company, as such, is doing nothing towards the building of a competing line. Some individuals interested in the Valentine Co., owing to the changed attitude of your freight department towards the traffic of our furnaces, have found it necessary to interest themselves and put new capital into the new line, in order to prevent their stock in the Valentine iron company from being rendered worthless. For months the officers of our company attempted to prevent this injustice from being consummated. I exerted all my influence to prevent a breach—as did Judge Rhoads and Gov. Curtin. I warned Mr. Joyce, Mr. Chipley and Mr. Thompson that some of the Valentine stockholders would not submit to a changed basis of dealing with our property. But it was all to no effect.

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The heads of that department and the opinion filed October 7th, 1892.

This opinion, in effect, decided that the agreement was one which could be entered into by the original parties, was not against public policy, was not in violation of the constitution, not enforceable in equity, and for other reasons. This demurrer was afterwards argued in the court below, and sustained, and the bill dismissed.

No appeal to the supreme court was taken for more than a year.

The appeal was argued in April, 1895, and the opinion filed October 7th, 1895.

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