

STANDARD OIL MAY GET NORTHERN PACIFIC ROAD

St. Paul and Union Pacific Said to Have Control.

STOCKS SHOW GREAT ACTIVITY

St. Paul Jumps 7¼ Points in Year's Record Market—Wall Street Credits Big Deal.

A sensational rise in Chicago, Milwaukee and St. Paul shares yesterday, which showed an advance of 7¼ points over the close of the day before, and of 8¾ points over Monday's low price, stirred the Stock Exchange list to the greatest activity of the year, and set on foot talk of changes of the first magnitude in the so-called community of interest over the vast railroad territory west of the Mississippi.

St. Paul alone contributed nearly 150,000 shares to the day's total. This represented something over one-quarter of the capital stock of the road, and inasmuch as the stock is very tightly held by the Standard Oil interests in control of the property, the activity meant that the available floating supply must have been bought and sold over and over again.

Behind the market movement reports came out, first, that St. Paul, in the course of the contest generally believed to be going on between E. H. Harriman and the Rockefeller party, was to take over the Northern Pacific and the Erie, so establishing a transcontinental line and affording the Rockefellers the desired outlet to the Pacific. Subsequently it was said that the acquisition of the Canadian Pacific was to accomplish a like result, and later that St. Paul now represented control of the Union Pacific.

At first the burst of strength in the stock affected the rest of the market, which fairly boiled over with enthusiasm. But when no definite explanation was forthcoming, and when denials were sent out by those most intimately identified with the property, a profit-taking movement set in which carried the market off a point, and in some instances more. The reaction was, however, only temporary, and at the close sentiment had become bullish again. The total sales were 1,345,648 shares.

Sifting out the rumors after the market had closed found some of the biggest people in the financial district believing that there was "something doing." James J. Hill, J. P. Morgan & Co., Kuhn, Loeb & Co., and other sources more or less closely identified with the affairs of the various roads sent out denials that there was anything of importance developing. J. J. Hill, however, accompanied by George F. Baker, had a long conference with members of the Morgan firm, and conferences were also in progress between representatives of the other properties mentioned.

The St. Paul reports, however, persisted, despite denials. It was said that with St. Paul in control of Union Pacific by its recent purchases, and the latter road already well into Northern Pacific, the objection to the Northern Pacific being controlled by a competing line would be done away with, since neither St. Paul nor Union Pacific is a competitor of the more northerly route.

This arrangement would leave to James J. Hill the possession of the Great Northern, with an interest in the Burlington. Objection was made that such an arrangement could not be accomplished without the consent of Mr. Hill, as the control of the Northern Pacific is absolutely held by the Northern Securities Company. But in reply it was urged that perhaps the recent activity in Northern Securities meant the rounding out of the ownership of a sufficient amount of Northern Securities stock to give control of the road, on the dissolution of the Northern Securities, to the holders of that stock if combined with the stock owned by the Union Pacific.

The financing of such a scheme would not be a difficult matter, as deals go nowadays in Wall Street, for the money market is easy, and St. Paul has some \$25,000,000 stock ready which could be issued for acquisition of further properties. If this should not suffice a bond issue could be made. The whole scheme, as outlined above would also mean that the recent difficulties between Standard Oil interests and Harriman interests had been settled, and it would make William Rockefeller and H. H. Rogers the most powerful figures in the government of the railroads of the United States.

The stocks of all the roads mentioned were active and strong yesterday. Union Pacific shares to the amount of nearly 170,000 were traded in, while in Southern Pacific sales figured up 80,000 shares in round numbers.

MORGANS DIDN'T CONSPIRE.

Charles Steele So Testifies in Northern Pacific Suit.

Jacob H. Schiff of Kuhn, Loeb & Co., Charles Steele of J. P. Morgan & Co., and William McClure, Secretary of the Stock Exchange, were the chief witnesses yesterday at the hearing in the suit of J. J. O'Leary of Chicago, who is trying to recover \$55,000 from the brokerage firm of Sternberger, Fuld & Sinn for losses sustained in the panic of May 9, 1901, which caught him short of Northern Pacific stock. Mr. O'Leary alleges that his losses were the result of a conspiracy unduly to advance the stock. Mr. Schiff's testimony offered no new contributions to the knowledge of the public regarding the inside of the Northern Pacific affair.

Mr. Steele, when he was asked if J. P. Morgan & Co. had conspired with Kuhn, Loeb & Co. or any other person to create a corner in Northern Pacific stock, replied that they had not. The only conference between the parties was held on May 9 in order to allay public fear and excitement.

Mr. McClure was asked to define the meaning of a "corner" in a stock and he replied:

"When there is more stock sold than there is in existence."