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CLAIMED ONE SPY SUSPECT CONFESSED LOCAL "MISSION"

Schmidt and Stephens Put Through "Third Degree" When It Is Alleged Schmidt Made Statement Which Police Have Forwarded to Ottawa—Had Loaded Gun and Fuse in Possession—Asked Questions About Bridges.

ONE OF THEM FORMER MEMBER IN KAISER'S NAVY

Carl Schmidt and Gudtuff Stephens, the two Germans who were arrested yesterday by Sergeant Burleigh on information wired to the Port Arthur police by the police department at Nipigon, are now formally held in the Port Arthur police station on charges of espionage instead of carrying concealed weapons, which was the charge laid against them yesterday. The new charge is the result of alleged statements made last night by Carl Schmidt after the two men had been subjected for a considerable time to the "third degree."

STEELE TO COMMAND

WINNIPEG, March 20.— It is officially announced this afternoon that Gen. Steele, subject to the approval of the British war office, will command the Canadian sec- ond contingent.

CITY AND C. P. RY ARE AT DEADLOCK

Agreement as to Terms For Con- structing Subway Not Yet Mutually Accepted

When the conference between the city council and General Manager Grant Hall was resumed yesterday afternoon, it did not take long for the fact to develop that there was likely to come a deadlock in the negotiations. Mr. Hall opened fire by stating that he was not prepared to accept a lump sum of \$15,000.00 and then let the company assume all cost of paving and maintenance. He would agree to finance the paving allow the city to repay the company on any reasonable terms. He could not see his way clear to assume the maintenance.

Alderman Kerr wanted to know if he would split the whole cost fifty-fifty, but Grant Hall was "from Missouri," and wanted to be shown the quid pro quo. In fact the quid pro quo was the gist of the whole argument, the railway company arguing that the commission had granted it certain rights and it was satisfied that these could be enforced, until it was shown otherwise by some court of competent jurisdiction.

Mayor Young, who said that he would not make another subway agreement without considerably more forethought, believed that the wording did not mean that the city was to maintain the subway in perpetuity, but the vice-president was of a contrary opinion, and again the "consideration" question was brought to the front, Grant Hall claiming that the city was asking him to give up certain rights which he believed he had, and offering nothing in return.

After about two hours of fruitless discussion the meeting adjourned, with the understanding that the city's appeal against the order of the railway commission would be persisted in.

MILLION DOLLAR COMPANY OTTAWA, Mar. 20—The "Sudbury Flour Mills, Limited," with a capital- ization of one million dollars with headquarters at Ottawa has been in- corporated.

Stephens, during the entire proceedings maintained an attitude of stolid indifference and no word could be brought from him. With Schmidt, however, it was different and when the two men were separated and he was suddenly told that his partner had "squealed", he made statements which are regarded as of the highest importance by the police. In fact so important were his statements, that Chief McLennan absolutely refused to divulge any of the proceedings which had taken place in the interior of the station last night. Reports of the case had been sent to Ottawa, he said, and nothing would be done here until orders had been received from there. Crown Attorney Langworthy is out of the city.

HAS SCHMIDT CONFESSED?

Despite the secrecy of the police, a report was heard this morning which came from an authoritative source, that Schmidt had confessed to being a spy together with his companion. They had been sent out by a German organization in Detroit, so the report goes, to collect data and plans of bridges, government buildings and transportation facilities of that part of Canada between Toronto and Winnipeg, and report their findings to their organization in Detroit who would then follow them through Canada with the necessary materials to blow up bridges of the C. P. R. and other transcontinental railroads so that transportation facilities would be demoralized.

McLENNAN DENIES STORY.

Police Chief McLennan denied, this morning, that either of the prisoners had claimed affiliation with any parent body in Detroit, but admitted that statements which left absolutely no doubt as to the standing of the two prisoners had been made by Schmidt and he intimated indirectly that part at least of the report was true.

Their attempt to gain information along the line of the Canadian Pacific railway say officials were decidedly crude; in fact their very crudity led to the belief that there was method in their actions other than that of gaining information. The first tickets upon which they traveled from Toronto west, read only to Sudbury. When they arrived there, they stopped over a few hours and bought another ticket for Nipigon, where they again stopped.

ASKING ABOUT BRIDGE

Knowing the danger of their mission, they must have known that whereabouts of bridges would be challenged when the conditions in which Canada exists today when every stranger is regarded with more or less suspicion, was taken into consideration.

When they arrived in Nipigon yesterday morning one of their first questions was "Where is the C. P. R. bridge?" The suspicions of the constable on duty at the railroad town were immediately aroused and when the two strangers boarded the Port Arthur train, he climbed on the coach

(Continued on page three)

ROME, March 20.—The military authorities have caused to be distributed to Italian soldiers identification cards or badges which are worn customarily only during an active campaign. This incident is regarded in some quarters as highly significant of Italy's preparedness for any eventuality.

KARLSRUHE SUNK?

LONDON, Mar. 20—The secretary of the British admiralty announces that there is every reason to believe that the German cruiser Karlsruhe was sunk in the neighborhood of the West Indies at the beginning of November, and that those of her crew who were rescued reached Germany early in December on the steamer Rio Grande which had been acting in concert with the Karlsruhe.

LATEST FLASHES

THE HAGUE—The government of the Netherlands has sent to Great Britain and France a protest against the British blockade of Germany.

BERLIN—An official statement is- sued today by the German general staff declares the total German losses in the fighting in the vicinity of Neuve Chappelle were about 6,000.

LONDON—It is reported that a Spanish ship laden with iron ore and proceeding to a German port, has been captured by a British cruiser off Good- win Sands, in the strait of Dover, and sent into Jarrow in charge of an armed crew.

CHICAGO, Ill.—Navigation on Lake Michigan between Michigan and In- diana points opened today, two weeks in advance of the opening date last year.

ROME—Cardinal Anthony Agliardi, chancellor of the Catholic church and superior of the sacred college, died today aged 83 years.

NEW YORK—Passengers aboard the British steamer Lapland which reached here today from Liverpool witnessed a battle in the Irish chan- nel between a British torpedo boat and a German submarine. The Lap- land, crowding all steam, fled in a zig zag line from the combatants.

PRIVATE THOS. FAIRBURN ANOTHER FORT WILLIAM MAN WOUNDED AT FRONT

Private Thomas Fairburn, of the eighth battalion, Canadian overseas force, mentioned in yesterday's casualties list among the wounded, and admitted to Netley hospital on March 15, is a Fort William man, well and popularly known here, especially among railwaymen. He had been checker on the local tracks of the Canadian Pacific railway for the past eight or nine years when he left to join the first contingent.

Private Fairburn is a veteran of the South African war, where he was also wounded and gained two medals for distinguished bravery. It was on his return from the South African war that he came to Fort William. Since the publication of his being wounded this office has received numerous inquiries from friends who are anxious to write him. If his friends will address his battalion, care of Canadian expeditionary forces in France, the letters will no doubt reach him.

M. S. IRRESISTIBLE SUNK BY TURKISH MINE IN DARDANELLES

was in the dreadnought class. Her tonnage was 17,500 and she was equipped with eight 12 inch guns. She was a sister ship to the Indomitable and the Infallible.