

BOOTLEGGERS MAY SAFELY REVEAL THEIR INCOMES

By David Lawrence

(Copyright, 1932, by The Journal.)
Washington, March 15.—Bootleggers, handbook makers or any other class of individuals of the underworld paying a tax on incomes derived by fraudulent or unlawful means are not likely to have their offenses called to the attention of the other branches of the government or state authorities.

"The primary function of the income tax division is to collect revenue," said Carl Magas, solicitor of internal revenue, today. "And to see to it that proper returns are made for all income received. We are far too busy to do anything else, but if any other department of the government calls upon us to see the income tax return of any individual or business we are bound by law to permit inspection."

ANOTHER OBSTACLE

There is another obstacle, however, in the way of prosecution. Would an income tax return, made out and sworn to by an individual, constitute evidence? Does not the federal constitution give a man the right not to incriminate himself? These points have been gone over by government lawyers. They are in doubt as to whether the income tax return which discloses that an individual has been engaged in unlawful pursuits.

It is true that the prohibition enforcement agency of the government, which is a part of the treasury department, could ask for any return it wishes, and if it suspected that any individual was engaged in violation of the laws, careful watch could be kept for evidence of further actions. But it is a matter of much doubt whether the income tax return showing past actions would be of any value without further evidence furnished by persons who have knowledge, for instance, of the sale of liquor illegally or any other violations of existing laws.

OF LITTLE VALUE

Inasmuch as the income tax division wants to get as much revenue as possible, and does not feel it to be its duty to inquire how any man makes his money, no matter how legitimate it is, the whole subject of detecting fraud is one on which officials here are not anxious to talk. But the impression one gains is that, despite the fact that the income tax return is not as much a source of information as it was thought they would be. There is reason to believe that the income tax return, for example, are so sure of their group that they are making out their return without fear of difficulty.

CAN COMPEL BANKS

It will immediately be asked why a man who makes his money through illicit means should hesitate to evade paying income taxes. But there is a check-up on income taxes. The government has the right to compel banks to produce records of its deposits. Similarly, the government can ascertain whether an individual has any money or not by examination of the books of the concerns which may have sold goods to him. Even cash transactions, it is contended, can be traced.

FEARED TO MAKE RETURNS

One of the most interesting cases of income tax evasion occurred recently, but was not made public. The government learned that a certain man had large sums of money available but had made out no income tax returns.

INQUIRY DISCLOSED

Inquiry disclosed that the man feared making out a return because he had received his money through handbook making. He thought that if he told the source of his income, the state authorities might possibly find it out and prosecute him. He was assured that unless the state made such a request the federal government was not bound to inquire into the matter to the attention of the state in question. He still hesitated. The government learned that his deposits aggregated \$100,000 and proceeded to make out his income tax return for him and invited him to make such deductions as he felt he was entitled to have. He asked for no deduction. The government submitted his bill for taxes and the man in question paid it without a whimper—and that's the last that was heard from the case. Incidentally the state of the Union may inspect federal income tax returns, but for the purpose only of checking up income taxes due them. It is not considered likely that the income tax divisions of any state would sell information for one purpose and use it for another, but this is within the realm of possibility.

THE FACT IS

The fact is the internal revenue agents want all the income they can collect. Other agencies of the law are obliged to detect and prosecute fraud and law breakers. There is no legal compulsion upon a federal officer to report violations of a law in another division or department of the government—no more than there is upon the commission of any citizen outside the government.

THE best reason for the constant increase in the demand for

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is RED ROCK itself. If you're not eating it, you're a treat. If you are eating it, why not eat more of it? It supplies, at less cost, the food values found in fresh meats, and there's no waste in it.

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Portugal Grieved to See Col. Birch, U. S. Minister, Leave Post

Lisbon, Portugal, March 15.—All Portugal is grieved to see the arrival of the day set for the departure of Colonel Thomas H. Birch, the American minister, who has filled the Lisbon post since 1925. He will be replaced next month by Fred M. Deering, director from the state department in Washington.

Colonel Birch, who is noted for his geniality, has passed untroubled through at least two severe revolutions since his arrival. He is said to have favored a divisive financial policy by the United States in Portugal so as to defeat the struggle held off by Great Britain. Apparently his efforts failed, because today's newspapers announce that a new loan of \$15,000,000 has been arranged for in London by the Portuguese cabinet.

The friendship of Portugal is important to both the United States and Great Britain, a high American official explained today, "because the Portuguese Atlantic islands possess great strategic status as naval posts."

OPERA STAR KICKS OUT HER HUSBAND

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Signate the reports that my husband is receiving letters from a woman in Carmel," she was quoted as saying.

Gottbach was plainly angered at the telegram and letters becoming public.

"THAT WOMAN" REFUSES TO DISCUSS SCATTERED ROMANCE

Carmel, Cal., March 15.—(U. P.)—"I'm not the least bit interested in this wedding or anything anyone has to say about it," today declared Lottie Frazer of Carmel, reported to be "that woman" referred to by Mrs. Matzenauer in her statement. "There's no need of asking me any questions," she went on. She had just been informed of the statement of Mrs. Matzenauer in St. Louis, charging that "that woman" living in Carmel had ruined the romance of the diva and Floyd Gottbach, chauffeur.

PLAIN PEOPLE SHAKE HANDS WITH HARDING

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Fifteen hundred invitations were issued, and the great crowd of well dressed people gathered early in the court out of the hotel. The guests were divided into two groups, one for the men, women and children went past the president and Mrs. Harding in the ballroom of the hotel. The other group passed in and out, and at the conclusion of the reception the president retired, preparatory to an early golf game Thursday.

MRS. HARDING PLEASED

Mrs. Harding draws the interest of fully as many people as the president. In every city the newspapers comment upon her democratic manner and charm. A front page editorial in this Democratic stronghold had the following to say Wednesday on "Our First Lady": "Mrs. Harding is a charming exemplification of all that is best in American womanhood. She is one who knows how to do things and does them well. What ever responsibility she is called upon to assume, whether of a business nature, or as a national representative, she does it with a grace and skill that is a credit to her. Her work during earlier years, or performing manifold duties falling upon the wife of the president, she has proven herself equal to the demand. A little over a year has passed since Mrs. Harding's visit here, and at that time her friendships were just beginning to assume a national scope. Now, after a year in the White House, they are international in character, and she has taken her place as one of the most gracious and charming women who ever reigned over the presidential mansion."

February Fire Loss Record Takes Leap; Total Is \$102,044

With four big fires in the last week, February fire losses, tabulated by Lieutenant Cooper of the fire marshal's office, show the month to have been one of the worst in Portland's fire history. The total loss amounted to \$102,044.42, of which \$37,102.73 can be accounted for in the fire at the municipal shops, the Oregon Motor company, the Holiday school and the fire at East Thirty-seventh and Main streets.

Expulsion of Soviet Agent Is Demanded

London, March 15.—(U. P.)—Abandonment of the Genoa conference and the expulsion of Leonid Krasin, soviet representative in London, as a result of exposure implicating Krasin in the South African insurrection, was demanded today by Lord Northcliffe's Daily Mail.

Japanese Envoy Leaves U. S. on 6 Months' Leave

Washington, March 15.—(U. P.)—Baron Kijuro Shidehara, the Japanese ambassador here, leaves Washington today on a six months' leave of absence. Complete freedom from work has been made necessary by the illness which he took with him during the limitation of armament conference, it was explained at the embassy here. An operation may also be required, but this will be decided when the ambassador gets back to Japan.

P. R. L. & P. CO. HAS GOOD YEAR

(Continued From Page One)

With the first six months of 1932, but a falling off in the number of passengers was shown for the 12 month period, due to the unemployment situation in the city.

DAY OF CHEAP AUTO TRUCK PICNIC ENDED

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and trucks under the jurisdiction of the public service commission, is attended by automobile and truck owners and their attorneys from all sections of Oregon.

Northrup Nominated For Portland Post

Washington, March 15.—(U. P.)—The following nomination was sent to the senate today by the White House: To be receiver of public moneys at Portland, Or., Frank Northrup.

Frank O. Northrup is engaged in the real estate business and has been a resident of Portland for many years. He is married and lives at 153 East Sixty-eighth street. The office of receiver of public moneys at Portland was held for eight years by George R. Smith, whose term expired February 23. Duties of the office are the collection and care of money received through the closing of the department and have been a land office. The maximum remuneration allowed for the office is \$250 per month, a salary of \$500 per annum being granted and the balance covered by fees.

Glue, Feather Man; Tell Him to Behave

Sulphur Springs, Texas, March 15.—(U. P.)—Five masked men at 3 o'clock this morning stripped, glued and feathered a man, said to be a jitter driver, on the public square here and then told him to go home to his family and behave himself hereafter. The victim, whose name is withheld, is said to have declared he did not recognize any of his tormentors.

Britain Announces Genoa Delegates

London, March 16.—(U. P.)—Great Britain's delegates to the Genoa conference will include Lloyd George and Lord Curzon, foreign minister, Austen Chamberlain announced in the house of commons this afternoon.

Intrastate Rights Bill Is Introduced

Washington, March 15.—(U. P.)—A fight to establish the right of states to supreme authority over all commerce within their own borders was opened in the senate today when Senator Ladd (Rep.) of North Dakota introduced a bill known as the states rights commerce measure. The measure, which would give each state complete authority over intrastate commerce, has the support of the senate agricultural bloc.

U. S. Agent Shoots Alleged Dope Peddler

Seattle, March 15.—(U. P.)—Shot in the back after a desperate struggle with J. E. Brown, federal narcotic agent, last night, O. B. Richardson was under the care of physicians today in the city jail. Members of a police narcotic squad and officials of the federal squad say Richardson sold them \$20 worth of cocaine.

Much Confusion Is Caused by Decision On Taxes on Banks

Washington, March 15.—(WASHINGTON BUREAU OF THE JOURNAL)—The rights of the states to classify the tax levied against national banks which is denied by a decision at Richmond, Va., promises to cause much confusion unless legislation is enacted to meet it. States will have to return millions of dollars to national banks unless the rule established by the Richmond decision is reversed.

Chairman McFadden of the house committee on banking and currency, himself a banker, says that considerable difference of view is developing as to the kind of legislation that congress should pass. The banks want the existing law modified to conform to present banking practices, but propose that it shall not be materially changed. The law referred to is section 5213 of the revised statutes, enacted in 1903, granting the states the right to tax national banks and income.

Tax commissioners of the states, on the other hand, are advocating amendments to enlarge the tax powers of the states in effect that national banks may be taxed in the same manner as state banks and trust companies. Fear is expressed by the bankers that the amendments will result in a heavy burden to excessive taxes and cause national banks to relinquish their charters.

CODE MAINTAINS CRIME SECRETS OF UNDERWORLD

By Bob Swarney

The supposedly unswayed shooting of Fred Love, one-time safe-cracker and well known character of Portland's old underworld, followed by his death two years later, and the inexplicable disappearance and the almost certain murder of Ernest Desamps, former saloon proprietor and king of the erstwhile French demi monde, are mysteries only to the law and the vast majority of persons who merely glimpse at such things and then forget them. To many characters of the underworld they are not mysteries, but plain and reasonable facts.

UNDERWORLD "KNOWS"

The morning after Fred Love was shot in a south end rooming house, the underworld knew who shot him, just as it has known, in a vague way, who murdered Desamps, dismembered his body and cast it to the four winds. The underworld will keep quiet about the identity of those who shot Fred Love, and may, in its own way, some day avenge the act, because Fred Love was double-crossed by two who were supposed to be with, not against him. But in the Desamps case, the underworld does not keep quiet, because it is said, who did the double-crossing. In the underworld the double-crosser is a pariah. Murder, therefore, among the people is not kept secret when actuated by different motives.

CODE IS GUIDE

The underworld has become suspicious and will mislead or belapse into silence in obedience to a tacit code. This code, says the underworld, must inform on one of "the gang" and the underworld does not do so, only at its own peril or the menace of creating warring factions. That seldom ever happens. Detectives will tell you that the hard-nosed nuts they try to crack are the tried and true characters of the underworld. These characters never talk, regardless of the force put against them. Even when they are innocent and are convicted under circumstantial evidence, they will suffer to bear the prison sentence imposed rather than prove their own innocence and convict another. Such martyrdom is common to the underworld.

VENGEANCE RUTHLESS

It will inflame vengeance ruthlessly when such vengeance is called for, but it just as often expands its heart with bounty on flowers and funerals for deceased pals and for the sustenance of dependent relatives. It is a lodge, organized, if you will, but functioning and effective.

TONGUES DON'T WAG

This immunity is due perhaps, more than to anything else, to the fact that the underworld does not gossip constantly about its doings, its shortcomings, or slander its members, as other divisions of society do. At the same time, it knows all things that go on within its purview, but it keeps its tongue. It finds out all things that happen within its realm, sometimes before they happen, but always soon after they happen. It does this by means of a radio-like system that doesn't carry musical comedy, operas, sermons, uplift talks or lectures on abstruse subjects. This radio is not hitched to the top of some building or tower, and its messages do not fly through apparatus such as the wireless operator knows. It communicates through a sort of psychology, intuition, facial grimace, eye winks and, if you will so dignify it, by mental telepathy. But it always gets to its destination, frequently before police or detectives can reach the scene.

GANG GETS BUSY

It is simply that the underworld has acted, not by way of routine and officialdom, but by a code of protection that is inviolate. One of "the gang" is in trouble and "the gang" must, however, whether by tipping him off to a proposed arrest or by chipping in to provide money for bond or pay his fine. That is all there is to it, and "the gang" acts and doesn't talk when the police call. Also that is why there are so many mysteries in the underworld and why the underworld operates with almost unspotted immunity. It merely loses its tongue when John Law comes snooping around for evidence.

NEWBERG PIONEER, First Postmaster Of District, Dies

Newberg, March 15.—Sebastian Blucher, pioneer of 1849 and one of the upholders of the Newberg community, died this morning, aged 95. He was born in Bavaria, Germany. In 1849 he crossed the plains with his parents and settled on the old homestead, now on the west side of the Pacific highway one and one half miles east of Newberg.

Still good to make things good

In your earliest recollections there was always a bottle of Heinz Tomato Ketchup on the table. And things tasted pretty good those days. Try a bottle of Heinz Tomato Ketchup with your next meal and see how it brings back your appetite.

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BERT LYTELL "THE RIGHT THAT FAILED" And Big New Yanderville Bill Headed by "THE GREAT LA FOLLETTE"

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CHANGES PERMITTED In Courthouse Suit

Klamath Falls, March 15.—An order from Judge Shipworth at Eugene, granting Frank Ward, a taxpayer, plaintiff in the injunction suit against Klamath county, permission to amend his complaint, was filed today in the circuit court here. Ward's attorneys asked leave to file an amended and supplemented complaint in one. The court denied this motion but gave them permission separately to amend the original and enter a new and supplemental complaint. Ward seeks to restrain the

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