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The Oregon Statesman

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SALEM, OREGON, WEDNESDAY MORNING, AUGUST 27, 1924

PRICE FIVE CENTS

PO INSPECTOR UNDER ARREST AS RINGLEADER

William Fahy Accused of Being Master Mind Engineering Two Million Dollar Mail Robbery

ARREST IS MADE IN FAHY'S OWN OFFICE

Accused Man Was Regarded As One of Ablest Inspectors on Postal Force

CHICAGO, Aug. 26.—William Fahy, regarded as one of the ablest of the local force of postal inspectors, was arrested in his own office in the federal building here late today charged with being the master mind of the recent \$2,000,000 mail robbery at Rondout, Ill.

Fahy immediately was taken before a federal judge and his bond was fixed at \$50,000. He made no effort to raise the bond and was placed in the county jail at Geneva, Ill.

Fahy's arrest came after weeks of surveillance, it was said, during which he was said to have been seen frequently in the company of men suspected of connection with the Rondout robbery and to have been in communication with other men who fled to various parts of the country after they were suspected of complicity in the robbery.

Fahy declared his arrest was the result of a "frameup" and asserted his innocence. He has been instrumental in clearing up some of the most famous postal department robberies. It was through his efforts that "Big Tim" Murphy, former powerful labor and gang leader here, was sent to the Leavenworth, Kan., federal penitentiary for participation in the \$1,000,000 Dearborn street station mail robbery.

The arrest was made by Chief Deputy United States Marshal Sam Howard after Fahy had been under the surveillance of Charles H. Clarahan of the postal inspectors service in New York for three weeks. Clarahan came here to take charge of the investigation upon the request of A. E. Germer, chief postal inspector here.

"We have obtained enough evidence to convince us Fahy was the 'inside man' in the robbery," Clarahan said tonight. "He knew the movements of the train and what they carried. We can show that he had a leading part in engineering the robbery although he took no actual part in the holdup of the train."

William Newton, Willis Newton, Jeff Newton, Herbert Halliday, James Murray, Walter McComb, Carlos Fontana and Ernest Fontana had already been taken into custody in connection with the robbery. Two others are being sought.

Fahy had been assigned to the Chicago office for four years, prior to which he was in the federal secret service in Philadelphia.

Mr. and Mrs. Moberg Have Silver Wedding Anniversary

SILVERTON, Or., Aug. 26.—(Special to The Statesman.)—A group of friends and relatives motored to Scotts Mills Sunday to attend the silver wedding anniversary which was celebrated by Mr. and Mrs. P. Moberg of that place. Mr. and Mrs. Moberg are well known at Silvertown. About 50 guests were present from Silvertown, Woodburn, Hubbard and Scotts Mills. Mr. and Mrs. Moberg were the recipients of many beautiful pieces of silver. Those going from Silvertown were Mr. and Mrs. L. H. Meyer, Mr. and Mrs. Bevert Furue, Mr. and Mrs. Pearl Miller, Miss Althea Meyer and Ludvig Meyer.

THE WEATHER

OREGON: Fair Wednesday except cloudy or foggy along the coast; continued warm; moderate southerly winds.

LOCAL WEATHER

(Tuesday)
Maximum temperature, 93.
Minimum temperature, 67.
Rainfall, none.
River, —2.3 feet.
Atmosphere, clear.
Wind, northwest.

FLAHERTY GETS 2 NOMINATIONS IN CALIFORNIA

Ex-Surveyor of Customs Nominated Representative By Both Parties

SAN FRANCISCO, Aug. 26.—Lawrence J. Flaherty, United States surveyor of customs and for many years a member of the state legislature, received the republican and democratic nominations for representative from the fifth (San Francisco) congressional district on the face of early tabulations here tonight. His principal opponent, James W. Mullin, a prominent figure in San Francisco's labor circles, was running far behind.

BUDGET GIVEN SCHOOL BOARD

Maintenance for Coming Year \$314,150 to Hug's Estimate

Maintenance of the Salem public schools for 1924-25 will cost \$314,150 according to the estimate made by George W. Hug, superintendent of schools, and submitted in budget form to the school board last night. This amount is \$44,650 greater than the costs for 1923-24, which were \$269,500 and an increase of \$70,900 over 1922-23, when the costs were \$243,250. The increased cost is in accordance with the increased enrollment of the schools.

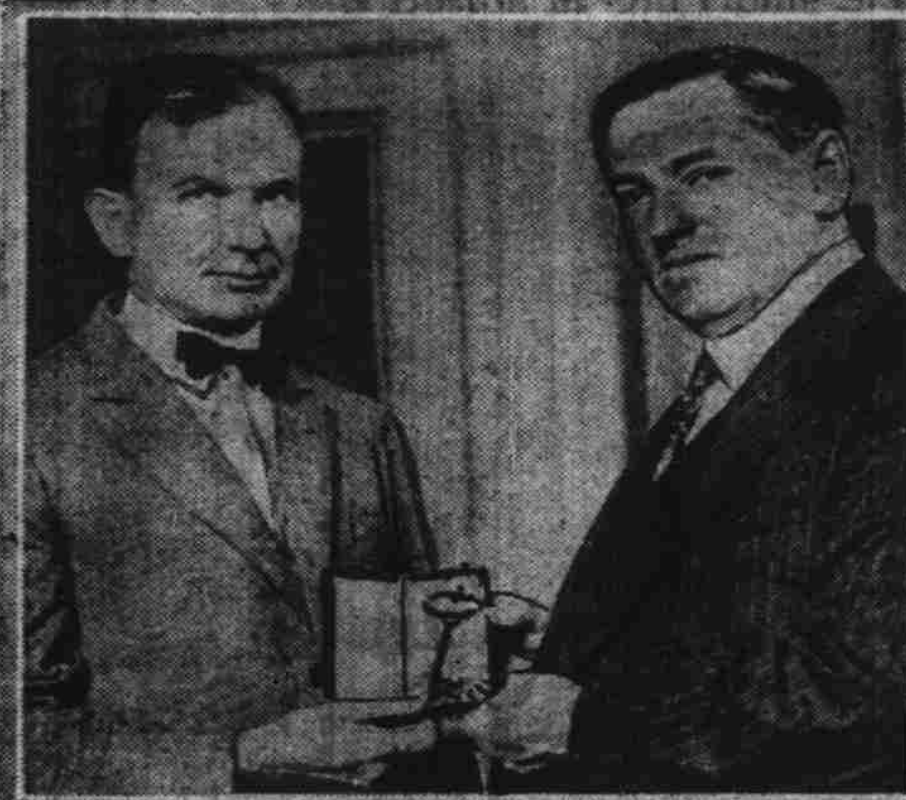
Personal Service High
Personal service, which includes the salaries of teachers, principals, superintendent, janitors and others connected with the schools, is the greatest item of expense. Figures for the three years for this classification are \$212,000 for 1924-25, \$208,530 for 1923-24 and \$188,765 for 1922-23.

Interest on bonds and other similar forms of indebtedness is placed at \$64,950 for the coming school year in comparison with \$53,500 for the preceding year and \$18,000 for 1922-23. Redemption of J. L. Parrish junior high school bonds amount to nearly one-third of the total for 1924-25, with \$22,500. Materials and supplies will be slightly higher this year, with an estimate of \$23,780. In 1923-24 the cost was \$19,500 and \$20,000 in 1922-23.

Emergency Fund Less
Other expenses included in the budget are approximately the same for the three school years. Insurance will be \$2500 this year against \$2000 for the two preceding years. Miscellaneous items remain stationary at \$2000 for the three years. Maintenance and repairs are placed at \$8000 for

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Senator Wheeler, La Follette's Running-Mate From Montana, Visits Boston in Old Home State



Senator Burton M. Wheeler was re-elected. He is shown here re-visiting the freedom of the city with his old friends in Mass.—from Mayor Curley of Boston.

FINAL PLEAS ARE LAUNCHED IN BOYS' TRIAL

Robert Crowe, State's Attorney, Vigorously Attacks Pleas Made By Attorneys for Defense

WOMEN ORDERED OUT DURING PART OF TRIAL

Portion of Testimony Is Considered Fit for Men Only to Hear

CHICAGO, Aug. 26.—(By the Associated Press.)—The labor of battering down a four day plea for "humanity, gentleness, kindness and mercy," was begun today by State Attorney Robert E. Crowe.

Launching the final argument of the state in the advisory hearing before Chief Justice John R. Caverly of the circuit courts of Cook county, Mr. Crowe struck out vigorously with a renewal of the state's plea for the death penalty for Nathan F. Leopold Jr. and Richard Loeb for the kidnaping.

Mr. Davis said first of all there should be common justice in legislation and courage in administration not only in domestic affairs but in the foreign field and courage "in the great cause of peace."

"I want the government of the United States not to tiptoe behind closed doors for fear the senate may overhear it," the nominee said. "I want it not to sit abroad with unofficial observers, peeping through every international keyhole. I want it not to absent itself from the great council of the nations where the destinies of men are to be decided and divided. I want the United States as a nation to stand as an equal among the nations of the world and do her full share to bring about for all mankind a full and lasting peace."

Speaks Without Notes
Speaking for the first time in this campaign without manuscript or notes, Mr. Davis not only presented the platform upon which he asks to be elected, but he lashed out at the republican party on the record of its administration of the government in the past three and a-half years.

The nominee first analyzed the acceptance address of President Coolidge, and his veiled sarcasm provoked frequent applause and laughter. He ridiculed what he said was a claim that the Dawes reparation plan is a great achievement of this administration, and reiterated his statement that in Washington arms conference, to which President Coolidge pointed, was of doubtful value.

Stresses Four-Power Pact
Mr. Davis laid emphasis on the four-power treaty, declaring that in subscribing to it the United States agreed with four powers only to discuss the problems of the past.

"That sublime action had the defects that attend all partial action, especially those who intend to make a showing on the last day." (Continued on page 3)

SCHOOL FUND IS FOUND IN POOR STATUS

Total of 550 Loans Declared in "Bad Order" By Accountant Who Makes Investigation

REORGANIZATION OF DEPARTMENT URGED

Apparent Shrinkage of Nearly \$1,000,000 Found, Due to Poor Loans

Largely because of an apparent shrinkage of nearly \$1,000,000 in the state's school fund, known as the irrefusable school fund, a shrinkage attributed to bad loans, Arch J. Tourtelotte, certified public accountant of Portland, recommends that the state discontinue making farm loans, Tourtelotte further recommends the fund and invest the money instead in carefully selected bonds. The recommendation is made in a report that was filed yesterday with the state land board following an audit by Tourtelotte.

Should the land board choose to continue making farm loans, that the department be organized anew and a new system of minute supervision instituted over appraisal of lands offered as security for loans.

Over 500 in Bad Order

The investigation was requested by the board. A total of 550 loans from the fund are classified as in "bad order," and these aggregate \$902,544.50. Further it is estimated that about \$75,000 in interest has been lost to the state on properties foreclosed upon or now in process of foreclosure, and in addition \$15,636.95 interest due on doubtful delinquents and \$21,743.88 on temporary delinquents.

One hundred and twenty-nine of the loans classified as in "bad order" have been foreclosed, says the report, 181 are in the foreclosure process, 225 termed as doubtful foreclosures.

Loss not Clearly Estimated
The report declares it is impossible to estimate accurately the loss that the state will sustain liquidating these loans for the reason that very few inspection reports concerning the property and security are on file in the department. Tourtelotte asserts that methods of loan approval and subsequent administration of the loans must be completely reorganized. Approval of loans based on the opinions and recommendations of local attorneys is declared to be inadequate, and it is declared that the delinquent loans and foreclosed property require field administration, which is now lacking.

Consolidation Suggested
Relative to reorganization the auditor suggests a union of the field in legal functions with the ex-service men's aid commission, believing that the two departments ultimately can be consolidated.

Establishment of a sinking

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NEW HISTORY OF OREGON FINISHED

Book By Robert H. Down Emphasizes Importance of Battle of Abiqua

SILVERTON, Or., Aug. 26.—(Special to The Statesman.)—Again Silvertontians are proud that they come from Silvertown for again Silvertown is to be placed on the map, this time in a permanent form. Robert H. Down, head of the department of history in Franklin high school and instructor in political science in the Portland center of the University of Oregon, has just completed for the press a new book entitled, "A History of Silvertown Country." It is a history of the Oregon pioneer and many new versions are placed on pioneer life in Oregon. Mr. Down places much stress on the battle between the settlers and the Indians at the Abiqua. Bancroft places little stress on this battle, saying it was of little importance.

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EUGENE REAL ESTATE MAN SHOOT'S SELF

Prominent Realty Dealer Commits Suicide After Taking Shot at Wife

EUGENE, Or., Aug. 26.—Jack Rodman, 55, prominent realty dealer of this city, committed suicide at his home at 8 o'clock tonight by shooting himself in the head with a revolver after he had shot his wife, Kathryn, in the abdomen. Surgeons at the hospital where the latter was taken expressed the belief that her wound is not fatal.

Rodman's friends said tonight that he had been despondent for a number of years on account of business reverses. He had been in business here for 20 years.

COOLIDGE APPOINTS TWO AMBASSADORS

Appointments to Fill Major Vacancies at Mexico and Japan Announced

PLYMOUTH, Vt., Aug. 26.—Appointment of Edgar Addison Bancroft of Chicago, ambassador to Japan and of James Rockwell Sheffield of New York City as ambassador to Mexico, was announced today by President Coolidge. The appointments fill the two major vacancies in the diplomatic corps. Both men are prominent in the law profession. Cyrus E. Woods resigned as envoy to Tokio in June and the Mexican post was made vacant by the resignation of Charles B. Warren early this month.

MEXICO CITY, Aug. 26.—(By the AP.)—James Rockwell Sheffield of New York is persona grata as United States ambassador to Mexico, in succession to Charles B. Warren, according to the newspaper Excelsior, which quotes Foreign Minister Aaron Saez as authority for its statement.

M'COY WILL ENTER PLEA TOMORROW

Will Be Asked to Plea to Charges of Murder, Assault and Robbery

LOS ANGELES, Aug. 26.—Kid McCoy, former pugilist, indicted for the murder of Theresa W. Mors, here, August 12, paced his county jail cell in temporary oblivion today while Los Angeles trudged past the barred door to cast its vote in the state primary elections. His next court appearance when he will be asked to plead to one charge of murder, three of assault with intent to commit murder and four of robbery will be Thursday. At that time prosecution and defense attorneys will argue out the prosecution's motion to add to the list of witnesses on the grand jury indictment the name of Mrs. Jennie Thomas, McCoy's sister.

The ex-fighter's aged mother, said by her physicians to be near death's door with a heart affection, was reported improved today. McCoy, under guard, visited her bedside last night.

Early Trial Indicated
The step taken for his arraignment, however, presages an early trial on the pending indictment and the Wheeler campaign itinerary was consequently tentatively cancelled except for New England where he will open his campaign with a speech in Boston on Sept. 1, and appear in other cities the rest of that week.

"I shall be present for trial whenever the federal prosecutor desires," Senator Wheeler said. "I have been seeking a trial at every stage of the proceedings. The charge against me is misdemeanor, and it is an unheard of thing that a defendant on a misdemeanor charge should be required to stand for arraignment in person, for even the trial itself may be held without his presence. However, I shall be there."

Walsh Is Chief Counsel
It was also announced that Senator Walsh of Montana, prosecutor of the senate oil committee and chairman of the democratic national convention, would be Senator Wheeler's chief counsel, as

(Continued on page 3)

OVER \$600 FILCHED FROM BUSINESS MEN BY CONFIDENCE GAG

Each for Advertising to be Distributed With Sheet Music at Theatres—Business Men's League Uncovers Big Fraud

Once more the old "theatre gag," as it is known to confidence men, was worked successfully in Salem and the originator disappeared with \$600 of local money, enticed from 21 Salem business firms. Others may have contributed but this number are known to have been victimized. The checks for the greater portion were issued between April 4 and May 10 of this year.

Early in the summer one S. D. Price or R. O. Jeannot, both names appearing on the cancelled checks, appeared in Salem and solicited business men for advertising to appear in connection with sheet music and distributed at the local theatres. Rates were \$25 for a quarter page and \$100 for a full page. The sheet music was obtained at no expense, music store owners being glad to rid their shelves of out-of-date melodies. It was outlined to the merchants that this music would be distributed to the theatres.

After weeks had gone by and the sheet music failed to materialize, several of the merchants took the matter up with William Gahldorf, president of the Salem Business Men's League, and George J. McAfee, secretary of the organization, who began a careful canvass of the business firms. It was found that 21 firms had been victimized and it is estimated that several others also lost by advertising "specialist." Firms known to have been duped to the amount of \$25 each are the Capital City Cooperative Creamery, Hartman Brothers, Spaulding Logging company, U. G. Shipley, Glendening & Miller, Central Pharmacy, Gray Belle, Larmer transfer, Marion creamery, Model Beauty parlors, Willard Storage Battery, Lloyd Rameston, C. F. Brethaupt, Used Car Corner, F. E. Shafer, Salem Platt Rug works, Public market, Ladd & Bush, Dixie bakery, Flesher Electric company and Vick Brothers, the latter contributing \$100 for a full page.

Under the system used by Price or Jeannot, he would have the checks made out to one of the theatres, obtain the necessary endorsement, sign his own name, collect at the bank and then disappear. It is believed that he is now in California and a warrant may be issued for his arrest.

WASHINGTON, Aug. 26.—Senator Wheeler of Montana, vice presidential candidate on the La Follette independent ticket, was notified today to appear before the federal court in his home state September 1 for arraignment on a charge of misusing his office, brought against him last spring. After hurried wire communication with his Montana representatives and a conference with Senator La Follette, permission was gained to allow the formal appearance to be made for him by an attorney, thus permitting the campaign speaking engagements already made for him in New England next week to be carried out.

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"The management and control, in the Dundas-Martin company," the report adds, "ultimately passed to other hands and when an appraisal of the good assets was

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Remember

That at an inexpensive cost you can send a message to thousands of people any day—through The Statesman West Ad Column. This is the greatest small force in Salem.

WEST LANDS ON DUNDAS-MARTIN

Alleged Fraudulent Manipulations of Finance Wizards Exposed

The operation of the Dundas-Martin company in disposing of preferred stock in four finance corporations promoted by it are laid bare by Oswald West and George Black, in the second of a series of reports forwarded by them to Governor Pierce as a committee to investigate the sales of questionable stocks and bonds in the state.

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