

The Oregon Statesman

SEVENTY-FIFTH YEAR

SALEM, OREGON, THURSDAY MORNING, SEPTEMBER 17, 1925

PRICE FIVE CENTS

HUGE MERGER GRAFT DISCLOSED IN COURT

Financing Operations Involving Millions of Dollars Are Uncovered

TWO MEN ARE CHARGED

Fake Railway Mergers Said to Have Been Used By Los Angeles Men to Swindle Stockholders

LOS ANGELES, Cal., Sept. 16.—(By Associated Press.)—Gigantic railway mergers and railway financing operations involving hundreds of millions of dollars were described in a mass of newspaper clippings which were read today to the superior court jury which is trying Henry Hibbs and Thomas Hennessey on charges of conspiracy to swindle investors out of several hundred thousands of dollars through a fake railway merger.

The clippings were read by counsel for the defense during the cross examination of J. P. Black, retired printer and publisher of Chicago, the first witness called by the prosecution. Just before calling Black to the stand the prosecution had declared in its opening statement that it expected to prove the purported contract for the merger involving \$6,000,000,000 and on which the defendants represented that they would collect a commission of \$200,000,000 expended only in the image of Hibbs and Hennessey.

On direct examination Black testified that he had been approached by Hibbs who told him of the plans for the tremendous merger, that money was required by himself and Hennessey to finance their operations as brokers in managing the deal, until they could collect their \$200,000,000 commission and that for every dollar he advanced to further their activities he would receive ten in return. He advanced \$8000, he said and was assured frequently thereafter by the pair that the plan was almost completed and that he would soon receive his share in the profits.

Black said it was explained to him that a corporation headed by Hennessey's father had been formed to build a cereal products factory at San Diego, but that plan was abandoned when an opportunity was offered to buy the defunct Western Pacific railway for a sum between \$16,000,000 and \$18,000,000. This suggested the possibility of railway operations on a much larger scale, he said he was told, and at a conference of 100 prominent financiers held in a Pasadena hotel a fund of \$808,000,000 was subscribed to effect a huge merger to include the Western Pacific, the Denver and Rio Grande, the Missouri Pacific, the Pere Marquette and a number of other railways.

Hibbs and Hennessey were appointed the brokers to manage this deal, the witness said he was told and that they were to receive a commission of 3 1/2 per cent which would amount to more than \$200,000,000.

The merger, he said, he was assured, was to receive the sanction of the interstate commerce commission and the contract under which Hibbs and Hennessey were working was held by Attorney Fred D. Grant, a relative of the U. S. Grant family.

"Hibbs told me he could not show me the contract," the witness testified, because of a clause making it necessary to keep it secret from the public and Wall Street. He had newspaper clippings which he showed me and partly verified his story."

SEEK MORE HIGHWAYS

SEALED BIDS WILL BE OPENED SEPTEMBER 29

Sealed bids will be received in Portland September 29 by the state highway commission upon two projects in the state.

In Curry county the Euchre creek-Rogue river section of the Roosevelt coast highway will be increased by 7.01 miles on the North Unit, involving approximately 132,000 cubic yards of excavation and 3.98 miles involving approximately 162,000 cubic yards of excavation on the South Unit.

In Deschutes and Jefferson counties the Crooked river section of The Dalles-California highway will be developed. This means the grading of 4.55 miles involving approximately 26,900 cubic yards of excavation.

POLICE ARE SEARCHING FOR ALLEGED THIEVES

EUGENE SEDAN FOUND ABANDONED LAST NIGHT

Seventh Theft is Reported; Dallas Man Has Automobile Wrecked Near City

Police, at 1 o'clock this morning, were scouring the entire city in search for three men who late last night abandoned a Moon de luxe sedan car at the foot of Bush street here. The car was stolen in Eugene Tuesday night. Meager descriptions of the three men furnished by Carl Armstrong of this city who saw the men leave the car, corresponded roughly to the descriptions of three men who some three weeks ago attempted to burglarize the Fairmount dairy but fled when they were accosted by Night Patrolman Winterstein after an exchange of revolver gunfire.

Working on the theory that these three men might be the Fairmount burglars police were making double efforts this morning to apprehend the trio. Two officers were detailed to guard the car during the night with the hope that the men might return to it. All patrolmen were keeping a sharp lookout for suspects.

Automobiles were a further source of worry for police last night caused by the theft of the seventh car to be stolen here this month and a wreck in West Salem. Jim B. Young of 575 Court reported to police at 11:30 o'clock that his Buick touring car, 1918 model, had been taken from a parking space near the intersection of Court and Church sometime between 8 and 11 o'clock. Points north and south along the highway were notified and asked to keep on the lookout for the machine.

A Ford touring car owned by (Continued on page 5)

GOLDFISH BETRAY OWNER

SMALL FISH BECAME SPORTIVE IN PRESENCE OF GIN

SAN FRANCISCO, Sept. 16.—(By Associated Press.)—The little gold fish which she had cared for and fed as "good as I fed my husband" betrayed the confidence of Mrs. Cicilia Hutopuls this morning and she was forced to leave the pets behind as she and her husband departed from their apartment with a squad of prohibition agents.

Entering the Hutopuls apartment with a search warrant, sworn out by an undercover agent, the officers found everything to be quite proper about the household although a faint odor of liquor permeated the atmosphere.

As the agents were about to leave the place one of them spied the gold fish bowl with its inmates cutting all kinds of capers. "I call them Xenophon, Agamemnon and Penelope," said Mrs. Hutopuls. "Aren't they cute though?"

"Little wild aren't they?" ventured Agent Henry Stewart. The three pets seemed to have had too much. Agents said an investigation showed that the bowl contained about two parts of gin to one part of water.

DEAD MAN HAD RECORD

LOUISIGNOT SERVED TIME IN OREGON PRISON

Ed Louisignot, killed near Jefferson Tuesday noon by C. P. Talent, state traffic officer, served time in the Oregon prison, it became known yesterday.

Records show he was received October 22, 1904, from Multnomah county, to serve three years for larceny by baillee. He was 24 years old at that time. Louisignot escaped June 6, 1905, and was captured six weeks later in Portland. He was dismissed December 13, 1907.

Under the name of Frank Vaughn he was received from Coos county January 23, 1914, to serve from six months to five years for having received stolen goods. On April 11, 1916, he received a conditional pardon and was turned over to the Walla Walla prison officers, where it is said he escaped a week later.

RACING RIDERS LEAVE

LOCAL MEN WILL COMPLETE IN YAKIMA EVENTS

Cody Evans, Cole McFarland, riders and R. C. Parent, mechanic, will leave early this morning for Yakima, Wash., where they will participate in motorcycle racing events Friday. All the men are connected with the Harry Scott Harley-Davidson agency here.

"Mutt" Kelly, of Portland will ride one of Scott's machines in the Washington races.

ANGLO-FRENCH PACT NOT TO AFFECT U. S.

Official Sentiment Against Granting French Unwar-ranted Concessions

Senator Smoot Says French Debt Must Be Settled Without Reference to Her British Treaties

WASHINGTON, Sept. 16.—Sentiment in both administration and congressional circles now appears to be against the granting to France of any more favorable terms for the settlement of its four billion dollar war debt to the United States than were extended to Great Britain.

A possible exception may be made in the extension of a moratorium for a few years to enable the French government to get its financial affairs into better shape before beginning actual payments on account of the principal and interest of the debt.

Coinciding with the departure today of the French debt commission from Paris, for Washington, Senator Smoot, republican, Utah, a member of the American commission, issued a statement declaring France's debt must be settled without reference to any agreement its government may have reached with Great Britain for the funding of the Franco-British debt.

At the same time Senator Borah republican, Idaho, chairman of the senate foreign relations committee, discussed the debt question with President Coolidge and subsequently reiterated his position that the French debt should be funded on the basis of the British debt settlement.

Senator Smoot was quite outspoken with respect to the Anglo-French negotiations. He declared the United States did not purpose to be drawn into any "political deals or understandings" between European governments, and that the United States debt commission would look after the interests of America in the forthcoming negotiations with the French.

Senator Borah is not wholly satisfied with the terms of the settlement entered into between the United States and Belgium, and he indicated after his talk with the president that he probably would have something to say on this subject when the agreement comes before the senate for ratification.

LA FOLLETTE LEAD LARGE

MILWAUKEE, Wis., Sept. 16.—(By Associated Press.)—Robert M. La Follette, Jr., who was nominated at the primary yesterday, carried the state by more than 90,000 over his nearest opponent.

SEVENTEEN WOMEN ON OCTOBER JURY PANEL

PREVIOUS HIGH FIGURE IN COUNTY IS FIFTEEN

Term to Open October 5 With Death Penalty Sought for Three Convicts

Seventeen women and 14 men comprise the Marion county jury list for the October term of court. The venire was drawn in the county clerk's office yesterday, with U. G. Boyer, clerk, and Sam Burkhardt, deputy sheriff, presiding.

The list for the next term of court contains more women than any jury drawn in this county. The previous record was 15. Of this number, only five eventually served in the jury box. The next term opens in Judge Percy R. Kelly's court on October 5.

The state will ask the death penalty for Tom Murray, Ellsworth Kelley and James Willos, on trial for murder in the first degree in connection with the killing of James Holman and J. M. Sweeney, guards at the state prison, on the evening of August 12.

The names of those drawn yesterday follow: Effie Iretton, Salem, 17, housewife; Dan J. Fry, Jr., Salem, 12, druggist; Aseath M. Power, Salem, 2, housewife; C. Laura Liveasy, East Woodburn, housewife; Ida C. Claxton, Shaw, housewife; John W. Ebner, East Mt. Angel, merchant; Emma B. Condit, Aumsville, housewife; Clara E. Bross, Salem, 6, housekeeper; Bertha L. Smith, 10, housewife; Lorenz A. Byrd, Salem, 16, housewife; Ruby E. Horner, Horeb, housewife; A. N. Moores, Salem, 11, retired; Louise M. Hager, East Salem, housewife; Chas. L. Parmenter, Salem, 15, carpenter; Nellie G. Baldwin, Salem Heights, housekeeper; Hattie M. Jackson, Salem, 10, housewife; Theo Minden, East Stayton, farmer; Emily C. Rowe, North Silverton, housewife; Geo. C. Will, Salem, 15, merchant; Rue Drager, Salem, 8, stockman; L. B. Judson, Salem Heights, farmer; John W. Magee, Scotts Mills, farmer; Lena Keeter, East Hubbard, housewife; Archie Jerman, Quinn, farmer; Ben Clemens, Central Howell, farmer; Laura B. Churchill, Salem, 9, housewife; M. S. Scollard, West Woodburn, retired; Pearl Allen, West Silverton, housewife; Lydia M. Chapman, West Woodburn, housewife; Homer P. Cleveland, Liberty, farmer; Rachel E. Reeder, Salem, 12, housewife.

SAWYER KILLED IN MILL

LARGE SAW CUTS MAN'S BODY IN TWO IN ACCIDENT

GRANTS PASS, Ore., Sept. 16.—(By Associated Press.)—Albert Biggerstaff, 60, was killed today when his body was cut in two by the big saw in the Herman Brothers sawmill at Dryden. There were no witnesses to the accident, the body being discovered by fellow workmen.

INVESTIGATION OF AIR SERVICE STARTS TODAY

PRELIMINARY SURVEY WILL BE MADE AT CONFERENCE

Nine Members of Inquiry Board to Determine Course of Procedure

WASHINGTON, Sept. 16.—(By Associated Press.)—The long controversy over aircraft will shift to new battlegrounds tomorrow with the convening at the White House of the special board appointed by the president to investigate the subject.

The nine board members, selected by the president last Saturday, are called to confer with him at 11 a. m. to organize and receive his views as to the course to be followed.

Appointment of the board, which was the first official recognition by the chief executive of the controversy since its inception in congress early last winter, was urged in a joint letter from Acting Secretary Davis of the war department and Secretary Wilbur of the navy.

This communication, although making no reference to Col. William Mitchell, former assistant army air chief and central figure in the dispute, was presented to the president shortly after the most recent outburst of a lengthy list of criticisms he has directed against the air service of the two departments since he first appeared before the house aircraft committee last congress. Just how far the board will go into the Mitchell criticisms and many others that have been made, is problematical, as the president, in announcing its appointment, gave no intimation as to the work to be covered.

It is known that he feels that the board must, to a large extent, determine for itself the scope of the inquiry procedure, and the witnesses to be summoned. He is inclined to believe, however, that its work should be conducted in public view, except, perhaps, when confidential matters relating to the national defense are touched upon.

BOOK SERVICE REDUCED

STATE LIBRARY FORCED TO CUT CIRCULATION

Circulating libraries in the state were cut from 800 to 500 Wednesday by the state library board because of a reduced appropriation. The smaller settlements are eliminated by the ruling. Residents of Marion and Polk counties are denied the privilege of calling for books at the state library and must write for the desired volumes. Miss Cornelia Marvin, state librarian, and other officers connected with the department were re-elected.

Governor Pierce was elected chairman of the board, with J. A. Churchill, state superintendent of public instruction, as vice chairman. Edgar B. Piper, editor of the Oregonian, and Miss Anne Mulhuron, Portland, were re-elected to positions on the board.

HYLAN WILL RETIRE FROM PUBLIC LIFE

Defeated Aspirant for Mayorship of New York Says Record Is Clean

THIRD TICKET IS HINTED

Hearst Papers Declare Hylan Will Run Independent; Walker Flayed in Address at Luncheon

NEW YORK, Sept. 16.—(By Associated Press.)—Overwhelmingly defeated by State Senator James Walker, who won the democratic nomination for mayor of New York City by a plurality of 95,543 in the primaries yesterday, Mayor John F. Hylan announced today that he would retire to private life.

That there would be a third ticket headed by Mr. Hylan in the election was asserted flatly in all editions today of the Evening Journal, newspaper of William Randolph Hearst, the principal supporter of the mayor.

"I will return to private life," the mayor's statement read, "with my self respect unimpaired, my conscience clear and with the full satisfaction of having scrupulously lived up to my oath of office."

The statement was issued after a luncheon conference with a representative of the Hearst newspapers and John H. Sinnott, the mayor's son-in-law and secretary. Some time after the statement was given out the mayor conferred for half an hour with Arthur Brisbane, of the Hearst papers.

The city hall reporters' association sent a question to the mayor asking whether his statement meant definitely that he will not run independently for mayor. The reply was:

"There is nothing to add to the mayor's statement."

Prior to the luncheon Mayor Hylan declared he was pleased that the primary fight had enabled him to "pull the mask off the big ham and egg man from Albany."

If he retires, Mayor Hylan will have a pension of \$6,000 a year from the city.

SENATOR FACES CHARGE

CITY ATTORNEY PREPARES CASE AGAINST STANFIELD

BAKER, Ore., Sept. 16.—(By Associated Press.)—Senator Robert N. Stanfield will face charges of resisting an officer if he appears in police court here Friday in connection with the arrest at a local cafe here last Sunday, City Attorney Frank McColloch announced late today.

"After two days spent in investigating the facts I have definitely determined to file a charge against Senator Stanfield of resisting an officer. Further investigation may result in additional charges being filed, but that will probably not be determined until tomorrow," McColloch said.

A continuance of the case until October 1 may be made, it was intimated here today.

KNIFE WOUND IS FATAL

VEGETABLE PEDDLER VICTIM; WIFE QUESTIONED

SEATTLE, Sept. 16.—Stabbed to death with a potato knife, the body of Tom Marx, 45, a vegetable peddler, was found in his home here today. His wife was taken into custody for questioning.

SALEM IS RATED HIGH IN NEW BABSON REPORT

SALES OPPORTUNITIES ARE FAVORABLE IN JULY

Oregon Is Listed as Having Fair Opportunities; Improvement Over June

According to the Babson sales and credit map just received by the Chamber of Commerce, Salem is one of the four cities on the Pacific coast where business was rated with most favorable sales opportunities during the month of July. The other cities with this highest rating for retail business are Yakima, Pasadena and San Francisco.

Babson now rates the state of Oregon as a state where sales opportunities are fair. Washington and California are given the same rating. For Oregon, this is an improvement over the June rating of Babson.

In rating the retail conditions of a city, the Babson report is based on the debit checks passing through all the city banks for a certain month. This does not include checks given on banks in neighboring towns.

According to Babson's statistical agency, debit checks passing through banks for the month of July were as follows: Salem, \$11,450,000; Eugene, \$8,152,000; Yakima, \$10,870,000; Bellingham, \$9,742,000; Everett, \$13,555,000; Hoquiam, \$8,267,000; Bakersfield, Cal., \$12,045,000; Santa Barbara, \$13,665,000; San Bernardino, \$8,812,000; Phoenix, Ariz., \$21,524,000; Astoria, Ore., \$4,112,000; Pendleton, \$3,316,000; Reno, Nev., \$9,431,000.

WORK'S POLICY RAPPED

BORAH URGES CHANGE IN RECLAMATION DEPARTMENT

WASHINGTON, Sept. 16.—(By Associated Press.)—Necessity for a change of the interior department's reclamation policies was urged upon President Coolidge today by Senator Borah, republican, Idaho.

Sharp protest against the present policy, and particularly against the shutting off of water in the federal irrigation districts because of failure of settlers to meet deferred payments to the government, has been voiced by senators and representatives from several of the western states.

Senator Borah presented the situation in his state, as he had found it through personal inquiry, and he is hopeful that there will be an immediate change in the program of Secretary Work.

The senator and the secretary differ as to the authority granted under existing law to extend relief to the settlers. Senator Borah takes the view that Mr. Work has ample power to act under the fact finding commission act passed by the last congress.

Senator Borah opposed that measure before the senate on the ground that it reposed too much power in the interior secretary in handling the reclamation and irrigation problem, and he insists that under its provisions that official has all the authority necessary to act in the present circumstance.

FLEET TO LEAVE FRIDAY

PACIFIC BATTLESHIPS SAIL FOR HOME TOMORROW

HONOLULU, Sept. 16.—(By Associated Press.)—The United States battle fleet will sail for home Friday morning.

Ships of the fleet will assemble at a point 10 miles southwest of Diamond head at 10 a. m. Friday for the journey.

The battleship Idaho which will take Commander John Rodgers and his four trans-Pacific fliers of the PN-5 back to San Francisco from which port they started their now famous west coast-Hawaii non-stop flight attempt, departs tomorrow for San Francisco.

The Idaho will join the fleet about September 24 at San Pedro or possibly San Diego.

INTEREST IN YMCA INSURANCE BASIS

Bread Cast Upon the Water Returns in Form of Substantial Policies

CONSIDER THREE POINTS

Amount Contributed to Building Fund, Length of Membership and General Interest, Main Factors

Insurance on the new YMCA building is to be distributed among those insurance men who have contributed to the fund for the building, and will be proportioned among them on the basis of the amount they have contributed, the length of their membership in the organization, and the general interest they have taken in YMCA work, according to a statement given out yesterday by C. A. Kells, general secretary of the Salem YMCA.

The building committee, of which Paul Wallace is chairman, will judge each man on the basis of these three points, and will award the contracts as soon as the building is completed.

The insurance, which will protect the building against fire, will amount to approximately \$125,000.

Mr. Kells says that he has been asked time and again just how the insurance would be taken out, and gives out the statement to do away with further doubt concerning the matter. He said that it would hardly be fair to the others who have been active in the interest of the YMCA of the contract should be awarded to only two or three men, while the plan to be adopted will give each man a fair proportion of the insurance.

The amount of insurance each man is to receive has not yet been determined by the building committee but the problem will be discussed when the committee next meets. Meetings are only held by the special call of the chairman, and Mr. Wallace has not set definitely on the date of the next meeting.

BIG DISTILLERY IS FOUND

HOQUIAM, Wash., Sept. 16.—Two stills of 1,000 and 1,200-gallon capacity, three tanks containing 5,000 gallons of fermenting mash, one and one quarters tons of sugar and other moonshine equipment was burned on Blue Slough, about ten miles east of here by federal dry agents from Seattle today. The squad spent all night in a rowboat during a rainstorm in an effort to approach the stills without arousing the operators but were unsuccessful in catching them.

Director's Had Wonderful Sale

Director's Department Store, as a result of the four page broadside advertisement on Tuesday, announcing the beginning of the fall selling campaign for yesterday, had a full house all day in every department.

The crowds began coming early and they lasted the whole day, and the buying was very general and generous, in every part of the establishment, from the balconies to the economy basement, and from groceries to shoes.

This was a very encouraging response. It will be doubt be continued today, and indefinitely. People were in the crowds that thronged the store from miles and miles away—from every direction; from many towns and cities of the valley. This all shows that such advertising is good for Salem in general. For the outsiders brought here by this store's advertising to see by any means confine their patronage to one establishment.

