The prominent visitors re-

railway and President W. F.

Turner of the S. P. & S. rail-

road, who were in conference

with the governor for some

time. Charles Thomas, public

utilities commissioner, also sat

Budd, who will become presi-

dent of the Burlington company

the first of the year, said he en-

joyed his trip to Klamath Falls at the railroad ceremony there last week. He is an enjoyable

personage to converse with, and

very easy to interview, again

proving the old axiom that "the

bigger the man the easier he is

The state highway commission

will hold a special session in Port-

land today to resume work started

last week. More than half of the

scheduled business for last week

(Continued from page 1)

ated by China and Russia.

war office said.

statement added.

acceptable.

compromise."

"China's race can not b

ELEPHONE FIRM'S

saved," the statement said.

building, 740 State street.

during the event.

handling 3000 or more visitors

with the person he is calling.

to interview."

in the conference.

ITEM STILL \$6000 DESPITE ORATORY

Friends of Program Flock To Council Meeting. Get no Results

(Continued from page 1) appropriation should stand. He cited the checking and extinction of epidemics, of the \$200,000 of outside capital rought to Marion county for her health program and splendid acts of humanity performed by nurses of the health department.

Mrs. Pascal Traglio, representing the American Legion auxilinvy, said the immunisation work had greatly reduced disease in the county. Any reduction in the health appropriation will materially reduce this work and jeopar-

dize public health, she said. The \$8000 sought by the health unit from the city is many times returned in community cleanliness, the elimination of contagious disease and the improved mality of milk sold the public, Hetta B. Field, representing the Business and Professional wom-

en told the chamber. "The Salem Woman's club thinks the health work is done on a business basis and heartily inaisis that the present standard be maintained." said Helen Louise

Crosby, spokesman for that group. Mayor P. M. Gregory, speaking from his rostrum, interposed the remark that the council must be guided by what the people want and the matter before the aldermen was simply one of appropriaring the money to as many good causes as possible. Hellywood Club's

W. H. Henderson of the Hollywood club took the floor against the health program. He said his organisation had sent Nate Hubbs to the courts of Polk and Linn counties and had found health work done there for 10 per cent as much as in Marion county with equal effectiveness. Instead of the \$40,000 spent here for health, \$10,000 a year is adequate, Hen-

derson asserted. Mrs. C. A. Downs, representing her organization stood for the prevention of sickness through proper health education. Most of health work continued," she said. Alderman Paul Hendricks said he felt certain the necessary \$2000 could be obtained by tak-

ing the money from the \$25,000 vort. Alderman F. L. Wilkinson budgeted for street lighting in "The idea is okeh," chirped up Alderman Henry Vandevort. "I WANNAM CTRICK R think we should pass up the light

company and all carry lanterns. At this juncture Alderman Dancy performed his coup for the fire department and the debate continued. "The city is in the red now and

large amounts of taxes are delinquent. I resent the idea August Huckenstein mentioned; that of favoritism on the part of the council," said Alderman Sam Hughes, speaking against the \$2900 Increase. Sparks Suggests Private Donations

Stanford Sparks then asked Dr. V. A. Douglas, head of the health unit. # larger income could not be obtained from private compunies using the health service. Douglas replied in the negative.

Alderman Will D. Evans suggested that the \$2000 be raised by raising the estimated miscellaneous receipts in the 1932 budget from \$20,000 to \$22,000, but Alderman Dancy objected to the idea. Dancy insisted the council always estimated the receipts above the actual income and thus had created a considerable deficit in recent years.

Alderman Vandevort accused the health unit of "poor sportsmanship." "You fellows haven't been able to take the gaff and cut salaries like everyone else," chided Vandevort. Dr. Douglas replied that no salaries had been raised during the year as Vandevort had stated and the latter apologized. Mrs. J. H. Scott, representing the McKinley Parent-Teachers asseciation, said her organization did not wish any group of city employes to be "robbed" for the health department work but she insisted the \$8000 appropriation was necessary and suggested that "frills" such as band concerts and playground work be temporarily Offer of Schick

Alderman Evans suggested that the incinerator appropriation of \$4500 be omitted but this idea failed to receive approval.

T. M. Hicks made a glowing speech for the additional appro-priation. "I would rather ten times to one find that fire had burned my buildings or to know I had been robbed on way home tonight than to get home and find there was diphtheria in the family," Hicks asserted. "Some of our schools in the old days used to be closed every year by an epicost of sickness is high for the

25 Supporting....

"BACK HOME"



JULIUS L. MEIER

R. DuVall made a plea for lower taxes and said taxpayers were breaking under the strain of pres-

ent-day government costs. Mr. Sparks again took the floor to declare that the health unit is "spending public money for pri-vate good." 'Let the medical profession put up this \$2000,"

said Sparks. Dr. F. L. Utter made an earnest plea for restoring the \$8000 item. He said federal statistics did not prove Mr. Henderson's contention that Polk and Linn counties had as good health conditions as Marion county. He protested against a cut of 25 per cent in one year for the health unit which he said had asked for no increase in 1930 when other departments were securing advances in money appro-

priated Thomas E. Cole said he felt the budget had been fairly arrived at

and should not be altered. Alderman Evans then moved that the \$1060 item in the 1932 budget for playgrounds be eliminated and likewise the \$1000 item the P. T. A. of South Salem, said for band concerts and that both appropriations be given the health department. On a roll call vote the amendment lost five councilthe people of Salem want this men voting aye and eight no. The ayes: Averett, Dancy, Evans, Kuhn, Needham. The nos: Hendricks, Hughes, Kowitz, O'Hara, Olson, Patton, Townsend, Vandewas absent.

fled, according to Deputy Burk-

Mrs. Looney does not know how long she law in a stupor in the store room just off her bedroom. The derety sheriff found pumpkins in the room splattered with blood. Mrs. Yessen's two daughters, Mary Spencer, 12, and Omega Spencer, nine, who had been sleeping in the same room with their grandmother, were too

frightened to summon aid. The charges to be placed against Cox depend upon the result of Mrs. Looney's injuries. Deputy Burkhart vesterday afternoon made a thorough investigation of the case, questioning Mrs. Looney and her two granddaughters, taking the pieces of the broken bottle as evidence, and making a sketch of the Yessen home, which was made over from a chickenhouse after the farmhouse

burned down some time ago. Young Cox was in the custody of the sheriff several months ago for the theft of a gun from a man with whom he was staying. He is the adopted son of Mrs. Flora Cox, who four months ago came from near Astoria and located as housekeeper at the Henchie brothers farm northeast of Turner.

At the time of the attack on Mrs. Looney, Mr. and Mrs. Yessen and several members of their family were away from home attending a dance at Turner.

Test Continued By Health Chief

The offer of giving to Salem children the Schick test for diphtheria immunization probably will be continued for several weeks. Dr. Vernon A. Douglas, county health officer, yesterday stated. The Schick clinics will be held at the county health center, 434 cember. For example, Judge Cosh-North High street, on Saturday mornings at 10 o'clock.

demic. That is a huge loss. The at the clinic last Saturday "was not so very good, when it is conindividual. I urge you men to put sidered there are several thousand in the \$2000 appropriation" said children in Salem who have re-"We'll lose \$12,500 if ceived immunization treatments," you do not. We've made a real the doctor said. The Schick methrecord in health. Let's stay with od is a test for the effectiveness it.

County... Please check form of membership taken: \$ Annual \$5 Contributing \$10 Sustaining

Date. THE AMERICAN NATIONAL RED CROSS Please bring or send to Red Cross headquarters, First National Bank Bldg.; Salem.

Red Cross Membership 1932 Pledge

GHOST INVESTMENT IS MADE ON STOCK

Large Salaries Paid Heads Of Empire Company, Records Reveal

(Continued from page 1) "actual money paid to company," \$15,000 on notes maturing within five-years, plus \$2000 on open account. Stockman's sole payment was \$3000 commission received by himself for sale of the stock to himself! Was to Get Stock

Entirely Gratis In an oral statement made to the corporation commissioner's department here, Stockman said Frank Keller Jr. had gone farther in his promises, declaring he would see to it that Stockman received \$20,000 in Empire Holding company stock without any pay-

ment whatever. Adams, physician, is credited on the company's books with a \$2000 cash payment and Keller, likewise is credited with \$2000, it appearing that he made this payment after the Empire Holding company had sufficiently reimbursed him for his sales efforts to permit the payment in cash of the \$2,-

It was on this structure of \$100,000 of officers' and directors' stock, "fully paid" with no director in the company owner of less than 200 shares or \$20,000 worth of the Empire H 'ding company stock, that the rapid-fire growth of the company was to be

based. First Contract Is

With Chief Justice The next step in the procedure was to effect contracts with the various officers of the company "in a cautious and prudent manner" to quote from Judge Coshow's letter written November 15, 1930, in which he gave carte blanche approval to the methods the Empire Holding company was pursuing. "The salaries offered to its officers and employees are MODEST," writes the judge. There is no suggestion of bonuses or other inducements tending to induce high pressure sales of its stock," he continued. "Every provision has been made for all of the undertakings of the company to be open and above board and invites investments solely as profitable along an honest and open

One of the first contracts to be executed was with Chief Justice Coshow. The jurist was then on the bench here in Salem receiving \$7500 annually from the state of Oregon. His contract was thus phrased to begin January 1, 1931. He was to serve as chairman of the board of directors and to be president of the Empire Holding company. His exact duties in the company are not prescribed and his contract expressly provides that he is free to continue in a legal practice in addition to his duties as president providing his legal work did not interfere with the affairs of the Empire Holding

company. Coshow, inexperienced in the insurance business, was to start at the "modest" salary of \$7500 for the first year. His second year payment was to be the same. The third year the Empire Holding company contracted to pay him \$10,000 annually while the fourth and each successive year on the 10-year contract provided that the service of President Coshow should be \$12,000 per annum, payable monthly. Books Show Coshow

Paid Salary in 1930 I. H. Fetty, who bears high testimonials from eastern friends as an experienced lumberman and a man who had held a directorate on one insurance company, was tendered a contract by the holding company to act as its general manager. He agreed to devote his time exclusively to the business although his exact work was not prescribed. The term of Fetty's contract was 10 years. He was to start work December 10, 1930, under the terms of the contract which was the same date Corporation Commissioner McCallister issued the permit to sell \$2,500,000 worth of Empire Holding company stock. The ledger of the company shows that Fetty's salary actually started on that date, his first four months and 22 days entitling him to an accrual credit on the books of the company of on the books of the company of Patriotic Group \$11,000 the second year under the terms of his contract. For the third to tenth year of his services, inclusive, his salary was to be \$12,000 annually, payable monthly.

The audit of the Empire Hold-31, 1931, reveals that the tally of ow, later to be president of the patriotic groups. company, is credited with salary The attendance of 75 children at the rate of \$7500 annually, from December 10, 1930. Obviously the management of the company, its legal department and its accounting department were not in harmony since the Oregon law forbids a chief justice of the supreme court to receive a salary from a business corporation and since the Empire Helding company's contract with Coshow did not place him on the payroll until

January 1, 1931. Jay H. Stockman of Portland Tho was to be general counsel for the company, had a contract executed as of October 16, 1930, which was similar in terms to that of Judge Coshow. Stockman was to get \$7500 the first year; \$7500 the second year; \$10,000 the

Too Late to Classify

One of the very best T model Ford coaches, have rebored motor recently, new pistons and rings, every other car part if not renewed its everhauled. Not a dol. to spend in the next two years or longer for only fifty dollars. Reason? Poor management of course. Telephone noon or evening 2002.

Pink salmon or chums 4c pound, alse fresh oysters, fresh dressed clams and crabs at crab stand near fairground.

Under the outerment and doub at the center of Oreson's Dome . . .

THINGS began to happen at | until lunch. During the afternoon the statehouse yesterday, im- he received several prominent mediately upon the return of visitors, as well as handling an ex-Governor Julius L. Meier after an tradition case. absence of 12 weeks. And events didn't let up until the governor called it a day after 4 o'clock and ceived by the governor yester-day included President Ralph Budd of the Great Northern returned to Portland. He had a busy day here, his office always full of people waiting to see him.

It seemed natural to see the governor back at his office, and to see activity around the stateresumed on a larger The executive arrived shortly after 10:30, saying be "was feeling fine." The governer looked good and was in good humor. He said he was mighty glad to get back here.

Lots of flowers were in the governor's office, and he received oth- cial visit," but if so, reports of er gifts and many messages of such business failed to creep out. greeting. State officials were going | None of the gentlemen who sat in to the office all day long to wel- the conference would commit come him back. The governor's themselves. first act was to order a box of cigars and pass the smokes to his visitors. News hounds were glad to see that.

Meier's first official act, however, after more than an hour of "seeing people," was to pre-sent his check for his share of the day's pay each month for five months going to aid the unemployed. His check covering the five days would have been about \$105, but the check be handed Chairman Thomas E. Rilea was for \$150.

The governor's contribution was the first to be made to the fund, and it will probably be the largest on the basis of salary ra- ley, member of the commission. tios. After this act the executive was here all day yesterday visit-

went to work on routine matters ing the highway department. third year and for the fourth and each subsequent year until ten years had passed he was to receive \$12,000 annually, to be paid in monthly installments. Stockman Applicant

For Political Job It was revealed in Salem on Monday that Stockman in times past has been an applicant for polittical appointment, seeking a local job which paid \$2400 annually and also seeking the job of state corporation commissioner at

an annual salary of \$3600. W. R. Adams, vice-president and treasurer of the company, from December 10, 1930, to March, 1931, was employed at the salary of \$200 monthly but hereafter his account on the books of the Empire Holding company is accrued at the rate of \$833.33 a month, indicating an

annual salary of \$10,000. Frank J. Keller, Jr., while profiting under a sales agreement ex- shu this morning for Mukden, by ecuted by the Empire Holding way of Seoul. A squadron of Keller, saw to it that he was included in the "modest" salary list | Korea. of the parent company. Keller's title was vice-president and sales counsellor and his salary was ascrued at the rate of \$833.38 a month or \$10,000 annually.

The corporation's general ledger reveals that the \$3000 credits taken by the directors for selling the Empire Holding company's stock to themselves, is credited "for services rendered C. J. Keller" who held the sales contract for peddling Empire Holding company stock.

The entry, for example, for O. P. Coshow, was run through on April 30, 1931, five and one-half months after Coshow had made his sworn statement that this stock had been fully paid for in money. In fact by April, 1931, the selling drive of the company was in full swing, that month being the banner business period of the year for the Empire Holding company, no less than \$25,143.20 cash being received during those 30 days in the spring of 1931.

Tomorrow The Statesman will discuss the elaborate prospectuses issued by the Empire Holding company, the letters from prominent business men and public officials therein contained, and the use to which these endorsements was put in hurry-up sales campaign which enlisted stock subscriptions totaling more th n \$800,-000 from citizens from all parts of Oregon in a year generally believed to be the poorest for business in a decade.

To Hold Banquet

A banquet to be held at 6 o'clock Thursday evening at the Y. M. C. A. was planned for at the "Y" last night by members of ing company's books made July the Federated Patriotic Societies of Salem. Over 75 persons are exsalaries does not exactly coincide pected to attend the banquet. The with the contracts made in De- organization is made up of one member from each of the Salem

> Home of 25c Talkies A HOME OWNED THEATRE TODAY LAST TIMES WE WANT YOU TO LAUGH with MARIE DRESSLER POLLYMORAN POLITICS

> > Also Review, Comedy and News

COUNCIL WARKS OF RESULTS OF BELAY

Paper Firm Must Start on Construction in 90 Days. Stated

(Continued from page 1) had received no help from the city. O'Hara moved and his measure prevailed, that \$500 be taken from the 1931 emergency fund and given to the Associated Charities for relief work this winter.

City Attorney Trindle reported a claim presented to the city by Mrs. Velma H. Farmer for dam-Mr. Budd said his visit was mage done to her property in Depurely social, as he had known cember, 1929, when North Mill the governor for some time. Howcreek overflowed. Upon Trindle's ever, it is believed some important recommendation the claim and . business matter crept into the "soothers which may arise, was referred to a special council committee. Mayor Gregory named Alderman Dancy chairman of the

special group. Alderman O'Hara raised the question of the status of proceedings on the city's part to acquire . Today - Polly Moran and . constructing a special trailer for more right-of-way adjacent to the North Commercial street bridge. O'Hara said only one-third of the bridge's surface was being used because the approaches were bottled. Trindle replied that he would probably be able to report at the next council meeting on the question of acquiring the needed property. He said it had been difficult thus far to line up the various

Alderman V. E. Kuhn asked the council to grant the buildings committee authority to hire and fire employes at the city comfort staremained untouched, and this will tions on High and State streets. be attempted today. William Han-

The request was granted. The council by a vote of six ayes and five nays authorized the repayment to W. R. Kane of a portion of the annual license fee he paid for operation of a billiard and card business. Kane sold the business before the year was ended. Opponents of the motion said the action constituted a bad prece-

A letter from J. C. DeHarport, merchant in South Salem, was read in which DeHarport said his store had been robbed three times, and on each instance Police Offi-Chinese Eastern is jointly opercer Wintersteen had been instrumental in arresting the defender. He expressed appreciation to the TOKYO, Nov. 17-(Tuesday) council for Wintersteen's work. - (AP) - General Mah Chan-A petition signed by 180 citi-Shan moved his front line of zens urging the council to make Manchurian troops facing Japa-

no reduction in the police force nese forces up within 10 miles was presented as was a petition of Tahsing today, the Japanese signed by 101 citizens asking for improved street bus service in the Both sides were patrolling no area bounded by 19th and 25th man's land between them, the streets and B and State streets.

Two matters which were expect-A squadron of Japanese scout planes left the Tachiarai military airdrome on the island of Kyucompany with his brother, C. J. bombing planes also started from Keller, saw to it that he was in- other airdromes in Japan and was the 2 per cent gross earnings other airdromes in Japan and tax on public utilities operating in Salem.

Several unofficial compromise No proponents for the police deplans for settlement of the Manpartment increase appeared before churian strife with China had the council and the ordinance been presented to the Japanese committee did not report the utilifrom various sources, it was auties tax out of committee. Inforthoritatively said, but none was mally the committee members stated that the various utilities were It was emphasized that Tokyo working on substitute tax plans. had spoken the last word, which The committeemen said they was "a simple, fair proposition would without reporting the bill and therefore left little room for until the next council meeting.

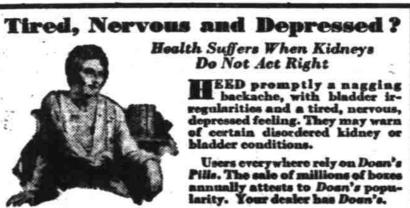
Blakely Suffers Serious Illness

John Blakely is confined to his home where he is suffering from a malady which will keep him away from his business as manager and owner of the Gray Belle for some weeks to come. For the past year Mr. Blakely

Commemorating the 47th anni- has been unwell and now is unversary of telephone service in able to leave his bed. Although Salem and officially inaugurat- slow, recovery is expected and ing the company's "sales and until he is able to return to his service" program in this district, work Mrs. Blakely will carry ou four-day open house starts to- his work as manager.

day at 9 o'clock at the Telephone With District Manager H. v. Somersault is Collins and more than 80 other Taken by Auto employees as hosts, the company has completed arrangements for

When a steering knuckle broke on the automobile driven by L. E. Guides will be on hand to ex- Stickler on the Pacific highway clain the many interesting fea- near Woodburn early yesterday tures of the building and it's morning, the car swerved across modern equipment, and will out- the road and collided with a light line the route a telephone call car operated by George F. Elliott takes from the moment a sub- of Monitor. Elliott's machine turnscriber lifts his receiver and dials ed a somersault in the air and a number until he is connected landed upside down. It was demolished.





Doan's Pills A Eidney

Board . .

By OLIVE M. DOAK

ELSINORE Today — sanet Gaynor in "Merely Mary Ann." Wednesday — Edmund Lowe in "The Spider." Friday - Walter Huston in "The Ruling Voice."

CAPITOL Today - Lewis Milsetone in "Front Page." Wednesday-John Gilbert in "The Phantom of Paris." Friday-Richard Cromwell in .

"Shanghaied Love." GRAND Today-Barbara Stanwyck in "Ten Cents a Dance." Wednesday-Jesse James, Jr. • Friday - Buck Jones in •

"Branded." HOLLYWOOD Marie Dresaler in "Poli- *

tics.' ednesday - Irene Dunne . and Adolph Menjou in * "The Great Lover." Friday - Charlotte Green-

wood in "Stepping Out." And still the question comes "what is a studio preview?" Well | Both O'Grady and Gray have been you may find out what one is by with circuses since they were 14 or going to Manager Earl Rice's studio preview Wednesday night. And I will say for your information before hand that these previews have been arranged for Salem by Manager Rice through Hollywood offices. Until the first preview given in Salem some

three or four weeks ago no such showing has been made outside of Los Angeles. The show which is presented is one which before being shown here has been seen only in the studio review rooms. It has not yet been placed in the exchanges and is shown only for the nurpose of getting the reaction of the public to the picture and to determine if there is any corrections that should be made before the

picture is released for exchange Following its showing here it is sent back to Hollywood for correction if any is needed and for

release through exchanges. One more thing and you have a The preview 'studio preview." picture is shown between the first and second show and you get two pictures for the price of one on the night such a picture is shown. Wednesday night you will get such a bargain. The name of the picture and the actors in it are not istration family, added to his duthe proposed restoration of \$3000 known, but audiences so far have to the police department's budget | relished this "surprise packet" in the way of entertainment.

You will be fond of "Merely Mary Ann." It is sweet, and has much interest both for value of plot and acting. Warner Bros. Elsinore has it as an attraction today.

"Front Page" now at Warner Bros. Capitos, has been a moving mor. Roscoe Ates is the male picture feature which has drawn favorable comment and praise since its release and with its he alone is worth seeing. splendid presentation in Salem there is no doubt left in the observers mind as to why it has been so praised. There are those shows which secure much publicity to cover a multitude of sins. 'Front Page" is just "good" and people have to talk about it is my impression.

If you have not laughed with Marie Dresler and Polly Moran in the feature play, "Politics" which is now showing at the Hollywood remember that today is your last chance and take advantage of the



The Call | TUSKO WILL LEAVE TONIGHT-PERHAPS

(Continued from page 1) present drafty quarters. The owners do not wish to subject him to the possibility of contracting pneumonia. To keep him in as good condition as possible, they have been warming his drinking water and feeding him het bran mash, in addition to his hay and cornstalks. The latter is a favorite item in

Tusko's menu, they say. Salem school children who have not seen Tusko, today will be given that opportunity free of charge. "I remember when I was a kid and crawled under circus tents to get a glimpse of the elephants." O'Grady reminisced, "and I want to give the Salem children their

When springtime comes, the owners will take Tusko on a long in "Under the Black Flag." . exhibition tour, heading for Nebraska, Kansas and neighboring states, and eventually landing in Chicago for the world's fair. A Portland trucking company now is

the trip. Asked if he were planning finally to sell Tusko, O'Grady quickly denied any such intention. "Always, my life-long ambition has been to own an elephant," he declared. "Now I've got one and I am going to keep it. Tusko is not for sale under any conditions." 15 years old, and have traveled with all the circuses in the country, they said. They have been with

Tusko for the past seven years.

(Continued from page 1) check to Brigadier General Rilea. chairman of the governor's subcommittee handling the disbursement of the relief fund. At the same time Governor Meier reported that the executive depart-

ment had contributed to the fund

100 per cent. The governor orig-

inally suggested the fund as a

means of assisting the them-

ployed. The governor also signed a number of official documents, dictated several letters, and presided at an 'extradition hearing involving W. H. Jones, who is wanted in Los Angeles for grand larceny. A brief conference with Rufus C. Holman, state treasurer, and other members of the admin-

Governor Meier left late in the afternoon for Portland, but will return later in the week to resume his official duties. He will preside at a number of board meetings upon his return to Portland.

be interested at the same time. There is much of human emotions in the play as well as much husupport and he is so funny in his stuttering conversation that

"Ten Cents a Dance" is a play." with a new plot. It gives another slant to how the "other half" live, and in so doing also gives some good character study as well as interesting acting. It is at the Grand for the last time today.

