Net paid, daily, Sunday 6714

EIGHTY-FIRST YEAR

Fair today and Wednesday, freezing temperature at night; Max. Temp. Monday 45, Min. 21, river 6.6 feet,

LAUNCH EMPIRE PROBE TODAY

NOWFOREGAST IN THE ORIEN

Japanese Troops Advancing Southward; Chiang Said **Backing Manchuria**

In Paris, but Hope of Acceptance Slight

(By the Associated Press) Threat of "real war" in Manchuria in event President Chiang Kai-Shek of China combines his forces with the Manchurian troops of Chang Hsueh-Liang, as indicated in reports, came from Tokyo today.

A Pieping dispatch to the London Daily Mail said Japanese troops in Manchuria were moving southward toward Chinchow with a view to crushing all military and political hostility to Japan. new proposal to deal with Manchurian conflict was evolved yesterday in Paris.

It contained only a vague provision for the withdrawal of Japanese troops, and so was expected to prove unsatisfactory to Chi-

Sze Reaffirms Chinese Stand

Dr. Alfred Sze, China's spokes-man, telegraphed the proposal to his government after reaffirming to Aristide Briand, council chairman, China's demand for prompt evacuation. The Tokyo government in- mometers there registered 14 de-

structed its Washington ambassa- grees below zero Sunday morning. dor to reassure the United States that Japan had not violated the night was the coldest of the seanine-power treaty, the Briand- son at 15 degrees above zero. Kellogg pact or the covenant of Nearby mountain districts reportthe League of Nations.

The ambassador had informed Tokyo the United States was evidencing concern about Japanese in more than a year, was said to military activity in the Tsitsihar region. Concentration at

Chinchow Alarms

Tokyo showed renewed apprehension about reports of heavy Chinese troop concentration at Chinchow. General Mah Chan-Shan, Chi-

nese commander who was driven out of Tsitsihar, turned up at Hailun. He was reported still to have 15,000 soldiers.

Dr. Vi-Kyiun Wellington Koo, who holds an honorary degree of doctor of laws from Yale university, became China's foreign minister. He declared his government would not approve any suggestion for Manchurian peace that did not provide for early evacuation of Japanese troops.

CARBON MONOXIDE TAKES FIVE LIVES B. Smith, president of the Woodburn chamber of commerce, will preside at the gathering. Invitations to the meeting will

entire family of William F. Good- ed to send a representation and to ale. Boston Latin school teacher. which included himself, his wife and their three children, was found dead today in their Dorchester home from accidental monoxide gas poisoning.

The bodies of Goodale and his wife a former teacher, were found in the bathroom. A hot water heater which was still burning, although the deaths of the family were believed to have occurred last Friday, was considered by Medical Examiner Timothy J. Leary to have been the source of the gas.

Indications were that Mrs. Goodale was about to take a bath when she was overcome. Police believed her husband went to her assistance and he in turn succumbed. Two of the children, Mary, aged one and a half years, and Anna, aged four, were found

The third child, William, aged three months, died in his carriage on the first floor.

Conference Upon

At the request of the Communconference of all department was fined \$100. heads at the courthouse will be held this morning. Because a number of the officials could not attend yesterday, the meeting was put off until today.

One matter expected to be discussed is that of county employes' ley G. Jewett, leader not be their plan to use compul-sion on the employes. Reasons the antelope ranges in eastern The announcement s given for this opinion were the Lake county.

Slater Slaying Will Be First Charge for Collie; Healey Held

Confessed Killer is Turned Over to Officials Of San Bernardino County; Asserted Accomplice now Arrested

OS ANGELES, Nov. 23—(AP)—Back to the edge of the desert on which the bones of Dale Slater, youthful car-New Peace Proposal Framed penter, were found, Gilbert F. Collie, 51 year old blacksmith, confessed slayer of Slater and George Walker, laborer, will be taken for a murder trial, detectives said tonight.

Meachem Shows 14 Degrees

Below: Unharvested

Lettuce Damaged

PORTLAND, Ore., Nov. 23. -

AP) - Freezing temperatures

oday and were forecast again for

La Grande reported a minimum

November day experienced there

A temperature of 19 above at

The Dalles, the coldest weather

have damaged a small quantity of

ween Salem and Oregon City will

be invited today to a general meet-

ing was decided upon late yester-

day at a meeting of local chamber

of commerce members. Dr. Gerald

Invitations to the meeting.will

favoring such widening will be

acted favorably upon. These reso-

iutions will then go to the state

highway commission. Dr. Smith is

to 30 feet.

bled to eight degrees above.

ed below-zero weather.

unharvested lettuce.

and Portland 30.

gripped Oregon Sunday night and

today.

Collie was turned over to San Bernardino authorities ofor return there on the theory

> more complete case. Detectives pointed out that in the killing of Walker in Orange quarrel, but confessed that he at- vania, disclosing evidence that death. Both Slater and Walker credit. were robbery victims. District Attorney Stanley Mussell of San Bernardino county came here with Sheriff E. T. Shay and Deputy Ed Farley of San Bernardino

that the Slater killing offers a

Collie, who has been questioned about various other unsolved killings, was confronted in the jail by Thomas Healey, who Collie had named as his companion in multiple homicide, and detectemperature of nine degrees above | tives restrained them from a zero Sunday morning, the coldest | physical encounter.

since 1918 when the mercury tum-Reports received at La Grande rom Meacham, Ore., said ther-Pendleton reported that Sunday

Will be Launched That Night, Announced

Eugene reported 20 degrees Ushering in the Christmas buyabove this morning, Ashland 19 ing season, Salem stores will hold "open house" on Friday night of this week. Plans for the event, which is sponsored by the Salem Ad club, were perfected at a meeting of the committee in charge last night. The stores will be open from 7:30 to 9 for display of Christmas merchandise. There will be no selling, however, and the public will have an opportunity to visit the stores and inspect their Christmas stocks without being pressed to buy. Each chamber of commerce be-

Plans include the official arival of Santa, 1931. He will come ing Friday night, November 27, at in 20th century style in a spank-Woodburn where the matter of a ing new automobile with treats 30-foot highway between the two for kiddies. He will parade the cities will be given thorough dis- streets and give the youngsters a cussion. The calling of the meet- sight of his red coat and long white whiskers. Fresh from the North Pole, he comes to launch the Christmas shopping season for Sa-

B. Smith, president of the Wood-As an additional diversion a special stunt has been planned which will be releasing several live turkeys, to become the property be sent out from Salem. Each of their captors. These will be chamber of commerce will be askturned loose at an hour and place to be named later and will give abundant entertainment to the cussion on the necessity of widencrowd as well as a big dinner to ing the East Side Pacific highway the persons lucky enough to capture them. It is expected that resolutions

Start Road-Work presented to the delegates and For Dallas Men

expected to name the place for DALLAS, Ore., Nov. 23-A the meeting in Woodburn by tocrew of 25 men went to work Monday morning on the roads In attendance at the conference near Dallas as part of the road here yesterday were J. N. Chamwork for unemployment relief. bers, T. M. Hicks, W. L. Phillips, Harry N. Crain and Sheldon F. The men were recruited from Dallas and vicinity.

Two Slayers get Life Antelope Herds Starve Reds Allowed to Leave Ransom Heads Company

THIRD 15 YEARS EUGENE, Ore., Nov. 23-(AP) -Miguel Marrero and Chauncey Relief Program

Is Slated Today

Of Daniel Castro, railroad laborer, in an attempted holdup of a work

Harvey Shirey, who accomity Service committee for further panied Marrero and Guymon, but consideration of the county's un- who carried no weapon, was senemployment problem, a postponed tenced to 15 years in prison and

RANGE GRASS KILLED PORTLAND, Ore., Nov. 23 -(AP)-Antelope herds of eastern Oregon face a severe desert winter with insufficient forage, Stan-

and only protected areas of the urer.

range now contain enough wild hay for the pronghorns.

WILL GO TO RUSSIA PORTLAND, Ore., Nov. 23 — (AP)—Nine alien communists, now under deportation orders, are to be allowed to go to Russia at their own expense, R. P. Bonham, district immigration director announced today.

Bonham's order, received from the department of labor, said the aliens must be out of the United States by December 13. They will eave under bond.

SUCCEEDS W. B. AYER PORTLAND, Ore., Nov. 23 had moses The announcement said K. H. farm buildings.

Koehler was elected vice presi-

PAPER PROFITS

Purchases of Sugar Stocks By Davis and Watson Now Uncovered

Latter Says Nothing Paid and Nothing Made on **Empty Transaction**

WASHINGTON, Nov. 23-(AP) The searchlight of senatorial inquiry was turned today on the 1928 stock investments of two of county Thursday night, Collie the senate's own members, Watson claimed he acted in the heat of a of Indiana and Davis of Pennsyltacked Slater while the latter both had made "paper profits" on was sleeping and clubbed him to sugar stock they purchased on

At the time of the purchases, Davis was secretary of labor in Coolidge's cabinet and Watson was a candidate against Hoover for the presidential nomination. The evidence did not show that either actually turned his paper profit into cash, both taking securities instead. It was testified that in 1929 the sugar interests, from whom the stock was acquired, became active in advocating a higher sugar

Watson, who is the republican senate leader, said in a statement tonight that his transaction was purely a private matter, that neither the non-interest-bearing note he gave in payment nor the securities he received as a profit had any present value, and that the Holding corporation to see vivid-

the senate lobby committee, which Display of Christmas Goods was called to investigate a report of a \$100,000 payment to a senator by lobbyists for a sugar tariff

NEW YORK, Nov. 23-(AP) today, federal prohibition agents closed in, seized the liquor, confiscated the tanker and arrested the men without resistance. Customs officials valued the li-

quor at \$350,000 and the vessel at \$200,000. Eight trucks also seized were valued at \$50,000. Charles R. Innia maritime executive of the Sun Oil company. Philadelphia, said the seizure of his company's tanker was the "result of cooperation between the federal government and the company." He added that the owners they were sold. of the vessel were working with

the government to prevent mem- Of Sales Methods bers of the crews from transport ing liquor. George M. Brewer, solicitor of the port said the Sun Oil company "obviously was without guilt," and had shown every desire to cooperate and undoubtedly would seek release of the vessel.

Polanski Given \$2085 Damages Against Hummel

The second circuit court jury to weigh the damage action of R. F. Polanski against Dr. H. G. Hummel yesterday brought in a verdict in favor of the plaintiff for the sum of \$2085. In this suit, Polanski sought some \$55,500 in damages for alleged malpractice on the part of Dr. Hummel. In the first trial a verdict of \$7500 was

awarded the plaintiff. The plaintiff alleged that Dr. Hummel performed certain surgical work that was unauthorized, much of which would have been unnecessary if proper medical attention had been given. The defense contended that the action taken was necessary to save the life of the plaintiff.

Builders Invite Tillers of Soil To Session Here

Farmers, dairymen and allied workers on the soil will be invited to attend the December 13 forum (AP)-The Eastern & Western meeting of Salem chapter of the Lumber company announced to- Oregon Building congress, memdonating funds to relief work. De- animal control for the United named president of the company eided at the meeting last night in partment heads who met inform- States bureau of biological sur- to succeed W. B. Ayer, who re- the United States national bank

The secretary of the chapter granges in the Salem vicinity.

Cash Book Reveals Vacuity of Empire Company's Hopes for Launching 'Vast' Operations

Month About Equal To its Receipts

Persons who Could ill Afford Loss Among Firm's Victims

By SHELDON F. SACKETT HE cash book—that hard hearted debunker of so many business ventures—tells a rerealing story of which scarcely needs words to portray the shifting and impossible foundation on which the Empire Holding corporation was to try to build its 'vast'' operations in Oregon.

In the eight months of December, 1930, to July, 1931, inclusive, the company took into its treasury in cash \$126,895. It expended \$126,840! Thus it had available for the \$150,000 needed for the first of its five companies the sum of \$55. It needed \$149,945 to start one concern! Even the puny \$55 would have been swallowed up long before it reached the subsidiary companies, for bills and notes payable on July 31, 1931, exceeded \$17,000 and officers' salaries at that time, due and unpaid, aggregated \$21,000. Monthly Record

Tells the Story One needs only to compare the month to month figures of income and outgo in OPEN HOUSE FRIDAY score remained "nothing to nothing." Senator Davis was absent from Washington.

ly that the company was conceived in financial iniquity and born in sin. The following table shows the month by month re-The testimony was given before shows the month by month receipts and disbursements:

Where did this money come from? First it was funds applied on stock subscriptions, where according to Empire's advertisements of last August "Permanent Safety Plus Opportunity" was The total of cash on subscrip-

tions totalled \$72,138. Then came -After firing a round of shots moneys of \$11,635 collected over over the heads of 60 men engaged | the eight months' period on notes in unloading 5,000 cases of liquor | receivable. These were the promfrom the oil tanker Raritan Sun ises made by "investors" who continued to have faith in Empire and continued to add to their original subscriptions substantial payments on their stock notes. Of the remaining items of cash

received, the major one is \$32,489 taken in from sales of stocks and | Gentlemen: bonds and mortgages-items taken from widows, trust funds, from unwitting "investors" and men of repute who saw in Empire's rise the beacon light of financial security. Almost as fast as these stocks, bond , mortgages came in Typical Case Noted

Yesterday there came to attention a typical case of Empire salesmen's methods. First, he approached a representative of the fire insurance company represented by Mr. Hagerty, president of the Empire Casualty company. Failing to secure the agent's subscription he blandly inquired if he knew of any "widows who have recently received funds or of any insurance beneficiaries" whom he could interest in Empire stock!

(Turn to page 2, col. 1)

_ate Sports

TULSA, Okla., Nov. 28. -(AP)—After a slow start, Jack Dempsey, former world heavyweight champion, wound up a four-round bout tonight with Babe Hunt, Ponca City, Okla., in whirlwind style to gain a newspaper decision. Dempsey weighed 193, Hunt 197.

OAKLAND, Cal., Nov. 23. -(AP)—Shooting over a right uppercut that dropped his opponent for the full count, Max Baer, Oakland heavyweight, evened up an old score with Les Kennedy when he knocked out the Long Beach boy in the third round of their scheduled 10-round bout here to-

BIRMINGHAM, Ala., Nov. 28. -(AP)-W. L. "Young" Stribling, Macon, Ga., heavyweight, outpointed Pietro Corri, of New York, in their 10-round bout here tonight. It was a unanimous newspaper decision. Each weighed 189 pounds.

SAN FRANCISCO, Nov. 23. (AP) - Contract for an annual ally yesterday intimated it would vey, said today. Jewett has just signed recently after serving as building. The speaker for the ex- Thanksgiving day football game ening will be an authority on between St. Mary's and the University of Oregon, to be played in San Francisco up to and including law covering the matter and the Jewett said a long dry summer dent and manager and Charles B. was instructed to issue an invita- the year 1937, was signed here individual circumstances of the had killed much desert vegetation Duffy was chosen secretary-treas- tion for this meeting to all today by representatives of the two schools.

Cash Outlay of Each No Question Left Here But That Empire Was 'Promising' Company

PERMANIENT SALETY

HERE is no substitute for safety. The first requirement of a good investment is that it safeguards your

The stock of the Empire Holding Corporation, formed to organize and control five of the most stable and profitable lines of business-mortgage loans, casualty insurance, fire insurance, life insurance, title insurance - offers you safety plus the epportunity of splendid returns and rapidly growing value.

Without obligation to you we will gladly give you complete particulars about this new investment opportunity if you will phone or write us.

EMPIRE Holding Corporation

Above is facsimile of back page of Westerner for August, 1981. This was the elaborate magazine which cleverly promoted the greatest stock selling scheme in Oregon in years! At the time this advertisement was issued Empire had \$55 in cash in its treasury, owed bills of over \$8000, notes of \$9000 and had contracted and unpaid salaries to its officers of \$21,000! It had expended all but \$55 of the \$126,895 in cash it had received!

LETTER INQUIRING ABOUT KELLER

February 13, 1931

Denver Better Business Bureau

Re: Frank Keller, Jr.

Proposition, Borns

DIRECTORS

A | Butterpan

Please A. Charren, President of the Degree Dry Goods C

Changes J. Dane, President of the Capital Life Inversion Co.

Gunne B. Hanneng, President of the Durvey Navismi Donk

President of the A. F. Lowis IV See Bry Goods Co.

Jane W. Menes, Position of the Morey Mercantle Co. Rate G. Segrezza, Accessed Danato T. Sman, Periotes of Bell-Segress-Day of Ca.

A day or two ago I wired you asking that you make an effort to secure a photograph of Frank Keller, Jr., from your local Police Department as it appears that he did eight body the determination on what months in jail in your city in 1924 on a sentence for using counts, if any, the statutes of the mails in furtherance of a scheme to defraud. This was in connection with the Farmers Security Mortgage Com-

Cordially yours,

ROBERT M. MOUNT, Manager.

THE ANSWER

BETTER BUSINESS BUREAU INCORPORATED 1009-10 U. S. National Bank Building Denver, Colo.

819 Oregon Building Fortland, Oregon RES FRANK KMILER, JR.

Portland Better Business Bures

We are very sorry that we could not locate a photograph of the above individual. We tried for some time to get this, but it some that there is nothing available.

Tour information regarding his record is correct.

This was a mail fraud case, and the local Post Office Inspector has the records if you need them. We have not rum across Mr. Kaller in connection with emy insurance companies here, nor W. E. Hibbard, either. We will endeavor to check on the latter for you if possible.

Cordially yours,

Perry M. Moore, Hanager

Suspicious of the record of Frank J. Keller, Jr., the Better Business Bureau in Portland in February, 1931, wrote the Better Business Bureau of Denver, Colorado, to ascertain if it was true that Frank | ticular from his clean-up pro-J. Keller, Jr. had been fined and had served many months in jail on the charge of using the United States government mails to de-

fraud! Above is the reply to Mr. Mount's letter.

Attorney in Handling Case, Announced Presentation of Evidence Starts This Morning: Mott to Furnish An immediate, detailed and

to aid District

complete grand jury investigation of all the operations of the Empire Holding corporation will be begun here this morning at 16 o'clock, District Attorney John H. Carson announced late yester-Carson's decision to probe the

affairs of the corporation came immediately after a conference held with James W. Mott, state corporation commissioner, who went into conference with Carson immediately upon his return yesterday from a trip to Eugene. Mott announced after the con-

ference that he had requested Carson to probe the affairs of the Empire Holding corporation in full detail. Mott said his department would render every assistance and that he would name Barnett H. Goldstein, Portland attorney, as a special assistant to act in the case. Goldstein has been special prosecutor of the corporation commissioner in recent grand jury investigations and trials in Portland. Company Officials

Will be Notified Carson said he would obtain information on file with the corporation commission for the conduct of his investigation. He said he would notify officials of the Empire Holding corporation that the probe was on and would permit them to appear before the jury if they expressed such a

Officers of the corporation are Judge O. P. Coshow, president: H. Fetty, vice-president and general manager; Wilson R. Adams, vice-president and treasurer; J. H. Stockman, counsel. Frank J. Keller, Jr., sales counsellor for the Empire firm, will also be notified of the grand jury investigation and given opportunity to appear if he so desires. Under the law no party against whom indictment may be brought can be subpoensed before a grand jury.

Carson said the procedure he would follow would be to present all the evidence he can obtain regarding the organization of the Empire Holding corporation. He then will inform the grand jury of the laws relating to such operations and will leave to that the state have been broken. Case may Require Several Days' Time

The district attorney expressed the opinion that several days would be needed for the grand jury to examina all the facts which Carson expects to bring before it. When a report from the grand jury can be expected is entirely a matter of speculation. It is

charged by law to finish reports not later than January, 1932. It has already been in session for about three weeks and has reported on about 30 cases, returning 12 indictments.

Members of the grand jury are Ed Hartley, foreman; George Z. Pontious, Arthur H. Moore, James E. Allison and Dorothy M. McDowell, all of Salem; Bertha W. Curl of Jefferson and Ella M. Stauffer of Hubbard.

"This matter is one of the hardest I have had to present in 11 years' work as district attorney," Carson said. "I intend, however, with the assistance of Mr. Goldstein, to see that the grand jury is fully informed of the facts and to ask that bedy to do its duty in determining what course of procedure these facts demand." Reorganization not

To Affect Probe When the Empire Holding corporation's affairs were first brought to the attention of Corporation Commissioner Mott he informed The Statesman that he would ask a grand jury investigation although at that time Mett felt the matter would be deferred until after the December 7 meeting of stockholders. Mott made it very plain that he felt the grand jury investigation was not tied in with the stockholders meeting and indicated he would call for an official probe of the company's affairs, irrespective of whether it was eventually reor

ganized or not. Mott also stated that he did not intend to desist in any pargram in Oregon financial affair's irrespective of the parties involved. He reasserted his for-

(Turn to page 2, col. 5)