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EIGHTY-FIRST YEAR

SALESMEN SAY EMPIRE FACTS NOT MISSTATED

Keller's Counsel Loses in Move for Dismissal of Conspiracy Charge

Group of men who Engaged in Selling Stock are First Witnesses

DALLAS, Ore., April 21.—(Special)—Defense testimony in the case against Frank J. Keller, Jr., first of the former Empire Holding corporation officers to be tried on a charge of conspiracy to defraud, was started early this afternoon after Keller's attorneys had made an unsuccessful effort to have the indictment dismissed.

Frank Longman, defense attorney, moved for dismissal on the grounds that the state had failed to prove any evidence to support the indictment. He said that no evidence had been presented which would tend to show that a scheme to defraud had been devised and that the only thing the state had been able to prove was that there were some false representations made.

In his argument, Barnett Goldstein, special prosecutor, stated that the state had shown that such a scheme to defraud had been devised through the testimony of George Robison and others connected with the formation of the corporation. He reviewed the evidence brought out in regard to the three points mentioned in the indictment and used as part of the sales plan.

Case Should Go To Jury, Decision

In ruling against dismissing the indictment, Judge Walker stated that the points in regard to whether the facts were sufficient to constitute a crime and whether or not more than one crime was included in the indictment had been settled by Judge Hill in Marion county and that he would confirm Judge Hill's ruling on these points. In regard to the constitutionality of certain portions of the Blue Sky law, Judge Walker stated that the findings of the state supreme court were binding and that he had already ruled that he would follow these rulings. The fourth point stressed by Judge Walker in his ruling was that any evidence that tends to show guilt was one for the jury to decide upon and not the judge, that he had studied and followed the evidence closely and thought that it should be submitted to the jury.

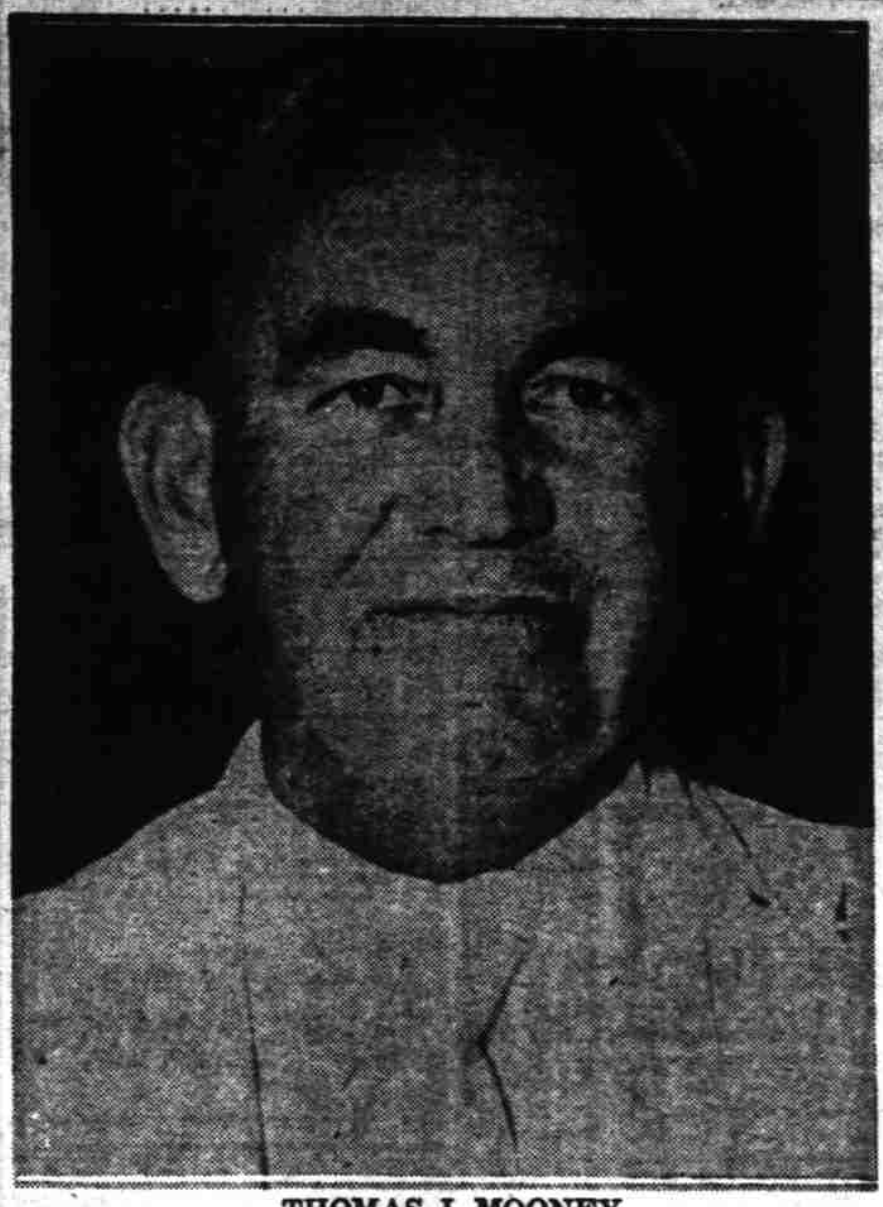
Judge Walker also stated that he would not submit the case to the jury late Saturday afternoon. Defense attorneys were confident that they would convince the jury that the case was a fraud.

P. R. Atwood of Portland was the first witness for the defense. He became a salesman for the Empire Holding corporation in March 1931 and remained with the company until the permit to sell stock was suspended in November 1931. After becoming a salesman, Mr. Atwood was sent into a territory around Grants Pass and Medford to replace a Mr. Hancock who, the witness testified, had been discharged for making misrepresentations to prospects.

Never Claimed No Salary Being Paid

In telling of the instructions given him for the selling of Empire stock, Mr. Atwood stated that he was told not to make any misrepresentations, and that moderate salaries were being paid. He stated that he was never told that no salaries were to be paid, that the officers had paid \$20,000, or that the securities secured through the money taken in would be turned over to the insurance commission for safe keeping. He also said that he didn't make any such statements to prospects. He said that he never said that 85 per cent of the money would be deposited with the state and was never questioned in regard to the salaries of officers and therefore never mentioned them.

Mooney Must Remain in Prison Is Decision of Governor Rolph



THOMAS J. MOONEY

HANDS-OFF POLICY JAPANESE DEMAND STANTON HELD AS HIT-RUN SLAYER

Declaration to League and To Russia Issued by Minister of War

TOKYO, April 22.—(Friday)—(AP)—A warning to the League of Nations and to Soviet Russia to keep "hands off Manchuria" was issued today by General Saigō Araki, Japanese war minister, in a speech to the Kokuhonsha, a patriotic society at Osaka.

The society is the nucleus of the present country-wide nationalist movement in Japan. Declaring Japan would resist resolutely any attempt to apply the nine power treaty, the war minister called attention to the threatening situation in north Manchuria due, he said, to Soviet Russia's massing troops on the frontier and strengthening her air force in the far east.

Japan's mission, he said, was to make Manchuria a paradise on earth, safe for everybody, and nothing the league or anybody else did could make her deviate from that course.

OREGON MEN HELD ON FRAUD CHARGE

ST. LOUIS, April 21.—(AP)—Four men were arrested here today on a charge of using the mails to defraud in promotion of a plan to consolidate two western companies.

The men gave their names as Robert E. Kemmer, 65, Montreal, Canada; Charles S. Klingaman, 60, Grants Pass, Ore.; Earl McLaren, 40, and Joseph D. French, 60, both of Portland, Ore.

Assistant United States Attorney C. J. Stettin said their plan was to consolidate the Evergreen Mines company of Colorado, which recently went into bankruptcy, and the Southwestern Smelting company of Nevada. Stettin said the stocks of both companies are practically worthless.

The men denied any fraud in their plan, saying it is a legitimate reorganization for the protection of security holders. They were unable to furnish \$7500 bail each and were remanded to jail pending preliminary hearing on April 26.

Many of Commentators Believe Mooney Innocent

WASHINGTON, April 21.—(AP)—Comment here on the decision of Governor Rolph of California denying the pardon application of Thomas Mooney included the following: Senator Nye (R., N.D.)—"After all these years that word is most discouraging but there is one thing remaining. That is for the friends of Mooney to continue their battle. They will come out on top as every just cause ultimately wins. I had hoped for more from Governor Rolph."

ROLPH REFUSES CLEMENCY FOR TOM J. MOONEY

Claims Conviction Proper; Thorough Probe Made, Governor States

Sullivan Adds Statement Deploping Attitude of Asserted "Reds"

SACRAMENTO, Cal., April 21.—(AP)—Expressing a belief in the guilt of Tom Mooney with so blunt a finality as to leave those who had hoped for executive clemency, Governor James Rolph, Jr., today unconditionally declined to grant a pardon to the ex-labor leader convicted of bombing the San Francisco preparedness day parade of June 22, 1916.

Blunt as were the words Governor Rolph used in declaring his conviction that Mooney was guilty and had been fairly tried, even more outspoken was the verbiage of Sullivan's report on which Governor Rolph largely relied. Speaking of Mooney and Billings Sullivan declared:

"Their insensate hatred of our present form of government and their fanatical desire to substitute the red flag of revolt for the stars and stripes impelled them to commit the deed." Mooney was convicted with Warren K. Billings, now a prisoner at Folsom prison, of setting the bomb which killed ten persons and injured 40 others while the preparedness parade marched up Market street, headed by the ten Mayor James Rolph, Jr.

"We have examined, read and studied all available documents and information and have pursued independent investigations for the purpose of ascertaining every available fact throwing light upon the question as to whether Thomas J. Mooney was justly convicted... including as far as obtainable a history of the life of Thomas J. Mooney," Governor Rolph said in his decision.

"I believe it proper to state (Turn to page 10, col. 1)

MANY SNOWBOUND EAST OF ALBERTA

CALGARY, Alberta, April 21.—(AP)—City folk and farmers of Alberta tonight were digging themselves out of snowbound houses but the fury of the snow and wind storm that has swept the province for the past 30 hours still raged between 40 and 75 persons in automobiles on highways east of here.

A full in the storm during the afternoon was rudely broken a few hours later by renewal of heavy winds from the north and west. No estimate of damage has been made yet by telegraph or telephone company officials.

Calling for help over shaky telephone wires, marooned motorists on the road between Calgary and Chestermere lake, 10 miles east, were awaiting rescuers. Trucks and snowplows were attacking the drifts but progress was slow. No danger, or loss of life was involved, police said.

Portland Recall Petitions Stolen Sponsors Assert

PORTLAND, Ore., April 21.—(AP)—Sponsors of a recall movement against Mayor George L. Baker, City Commissioners Earl Riley and John M. Mann and District Attorney Lotus L. Langley reported to police tonight that their headquarters office had been broken into and petitions bearing about 1200 signatures had been stolen.

Police detectives said they were unable to find evidence explaining satisfactorily how the thieves entered the building. The apparently had left the building through a sidewalk trap door.

Stimson, Tardieu Hold Conference

GENEVA, April 21.—(AP)—Secretary Stimson and Premier Andre Tardieu succeeded today in reaching a better understanding of each other's attitude on the crucial problem of disarmament and security, but no progress toward reconciling the French and American views was achieved in the course of their discussion.

SALESMAN SUICIDE
PORTLAND, Ore., April 21.—(AP)—Ike Davis, 47, salesman for a Portland clothing company, was found dead in his room today. Deputy Coroner G. W. Snook said Davis had killed himself by drinking poison.

Hotel Minto Stays Open; Need Great

Since the influx of transients here is growing rather than decreasing with the milder weather, Hotel de Minto, city hall flophouse converted by Chief of Police Frank Minto, will not be closed now as had been planned when it was opened last October. Chief Minto said yesterday that the situation is getting worse instead of better and consequently he would have to keep up the place until conditions improve.

How long he can keep the "hotel" in operation will depend on how long donations of foodstuffs and money continue to come in, he said. The original idea for the flophouse was to operate it only through the more severe winter months.

During the six months the "hotel" has been open, 14,618 meals have been served to approximately 7800 men. Each man has been permitted to remain over one night and eat two meals. "Repeaters" have been few, through the wariness of Fred "Blim" Clark, lumberjack recruited by Chief Minto last fall to oversee the flophouse. J. G. "Jack" Bullard, lumberjack cook, has served as chef the greater part of the six months.

If it becomes necessary to close the "hotel," the police will try to keep the transients from again taking up abode in the several "jungles" which in other years have been thickly populated. Except for men awaiting trains, few have been found at these locations this year.

BAKER TRIAL SET BEFORE ELECTION

April 28 Date Announced For Malfeasance Case Against Officials

PORTLAND, Ore., April 21.—(AP)—George Mowry, chief deputy district attorney, announced tonight April 28 had been selected as the trial date of the malfeasance and negligence in office case against Mayor George L. Baker and other Portland city officials.

Named jointly with Baker were City Commissioners John M. Mann and Earl Riley and City Engineer Olaf Laurgaard. C. Lee Wilson, contractor, was indicted as an accessory and probably will be tried jointly with the others, Mowry said.

Mowry said both the state and defense are ready to proceed with the trial now but that they will wait the return of Dan J. Malarky, attorney for Laurgaard, from a business trip to Los Angeles.

The indictment against the city officials alleged the purchase price of a municipal parking lot was \$200,000 too high. Wilson, named as an accessory, was an officer of the public market company of Portland, which was to have received the purchase price of \$1,409,963.

LINDBERGH RETURNS FROM SECRET TRIP

HOPEWELL, N. J., April 21.—(AP)—Colonel Charles A. Lindbergh returned to his home shortly before midnight tonight after a two-day absence.

His return apparently was the signal for considerable activity at the Lindbergh estate. Lights gleamed from almost every window and two automobiles drove up, one preceding the car driven by Lindbergh and another arriving shortly afterward.

Lindbergh's absence gave rise to reports that he had attempted to establish contact with the kidnapers of his 12-month-old son. No success had, if any, was conjectured.

He left the house Tuesday night alone and returned alone. No word was forthcoming as to where he had been.

About an hour after his return an automobile identified as that belonging to Edmund B. Bruce, of Elmira, drove into the estate. Bruce is a friend of John H. Curtiss, Norfolk shipbuilder, associated with the Very Rev. H. Dobson Peacock in efforts to contact the kidnapers, and the arrival of his machine coincided with reports that Rev. Mr. Peacock had flown north from Norfolk today.

Woolery Viewed As Adult; Held For Grand Jury

BAKER, Ore., April 21.—(AP)—A 14-year-old boy, today was ordered held for grand jury investigation on a first degree murder charge.

The order was issued by Judge Charles E. Baird of the Baker juvenile court who had the case under advisement since Tuesday. Police allege Woolery has "confessed" murdering his foster mother, Mrs. Frank Garlock. She was shot in the back last Wednesday night while seated alone at dinner in her ranch home.

ARREST FACING STUDENTS FOR HAZING AFFAIR

Seven Warrants out, Four Of Youths Suspended By School Heads

DeJardin Tells his Story Of Initiation; Denies "Spilling" Secrets

Sheriff O. D. Bower announced yesterday afternoon that seven Salem high school boys allegedly involved in the kidnapping and maltreatment of Victor DeJardin, 17-year-old athlete, last Tuesday, would be arrested and taken to justice court for first hearing this morning.

Warrants charging assault and battery on criminal information were issued yesterday against James and Charles Reed, James Nicholson, Jr., Frank Cross, Kenneth Fillingier, Loren Blaisdell and Glen Moody. They were turned over to the sheriff at 3 o'clock yesterday afternoon but arrest was deferred until today.

If there is sufficient evidence, the matter will be placed before the grand jury. Counsel for the seven boys, it is expected, will ask 24 hours time in which to enter a plea.

Four are Suspended For Rest of Year

As a result of the hazing of DeJardin, four members of the "Julius Caesars," student secret society of 24 years' standing, were suspended from school for the remainder of the year. The four students whose suspension was ordered by Principal Fred D. Wooten are James and Charles Reed and Frank Cross, seniors, and Glen Moody, a junior. All four were members of the 1931 football team.

School authorities are now investigating the case to determine whether four other boys were involved, as generally claimed. Principal Wolf said he would not suspend them unless he became convinced that they took part in the affair and were not merely interested bystanders.

Rumors of all sorts floated about the school yesterday in regard to activities of the C. C.'s (Turn to page 10, col. 1)

COURTHOUSE ROOF FALLS KILLING 15

BASTIA, Corsica, April 21.—(AP)—The roof of the famous Palace of Justice collapsed today, killing 15 persons and injuring 30, 11 of them seriously.

The accident caught an attorney, M. Bianchi, in the midst of a plea to a large crowd. He was among the dead.

The two-story palace, particularly noted for a magnificent colonnade of blue marble, had on its top floor an audience chamber, called the hall of bees after the Napoleonic symbol. This chamber was empty, and the masonry crashed through its floor on to the crowd below.

Troops were called immediately to direct rescue work, and continued their search tonight, convinced more bodies would be found.

Trouble Looms In Amoy Region

AMOI, China, April 21.—(AP)—Fourteen foreign ships of war stood by in the harbor tonight, ready to protect their nationals in the event of disorders in connection with the expected occupation of Amoy by the steadily advancing communist forces of General Sun Liang-Chen.

Disarmament Backed in Resolutions Voted Here

A group of citizens who heard a war prevention speech by Eleanor D. Brannan at the First Methodist church Thursday, passed unanimously a number of resolutions to be sent to congressmen and others, urging disarmament efforts and voicing support of work already done.

A resolution was sent to Secretary of State Stimson which expressed approval of the American proposal for abolition of preparation for and use of poison gas, heavy artillery and tanks. The petition also urged that battle-ships be abolished.

Separate resolutions to Senators McNary and Steiwer urged them to work for the passage of the Capper resolution, now before the foreign affairs committee of the senate, which provides that the United States will refuse to aid a state deemed by our government to have violated the Kellogg peace pact.

Another resolution was sent to Senator Arthur Capper assuring the support of the group to his resolution and telling him of the work being done here.

High School District Leaders Organize for Tuition Law Defense

Bond Issue For Relief of Needy Portland's Plan

PORTLAND, Ore., April 21.—(AP)—The Portland city council today decided to submit to the voters at the May 20 election a \$400,000 bond issue to finance the care of the city's needy.

Portland business men told the council that unless funds were provided the city welfare bureau would have to close its doors and turn away 5000 families dependent on it for food and fuel.

The council also approved the ballot title for a \$1,000,000 bond issue to provide work for the unemployed, which also will be voted upon at the May election.

TRAFFIC TAG ISN'T ARREST, EXPLAINED

Many of Unsettled Cases Those of Outsiders Poulsen States

Legally the city recorder has no right to bring arrested persons into court without having a complaint filed by the chief of police, Mark Poulsen, recorder and municipal judge said yesterday to explain why many arrest cases have never been cleared from the books within the past two and one-half years.

"The arrest slips turned into the recorder's office are merely for record," the judge went on. "Parking tags do not constitute arrest. Arrests may be made but the recorder is not required to issue warrants for persons who do not appear, unless a complaint is filed by the police."

Judge Poulsen reported that in checking up on an unpledged group of parking tags, he found that about half were for out-of-city motorists. The policy of disregarding parking violations by non-residents had been adhered to at request of the Salem chamber of commerce, he said.

An audit made by A. O. Davidson shows that already this year 538 cases of arrest are on the books but not disposed of in any manner. Chief of Police Minto maintains that it is up to Judge Poulsen to report back to him when arrested persons fail to appear in municipal court.

(Turn to page 10, col. 1)

RACE RIOT THREAT LOOMS, HILLSBORO

HILLSBORO, Ore., April 21.—(AP)—Sheriff Connell and his deputies were called to the strawberry fields near Banks tonight by reports that a race riot was threatened.

Reports here said the trouble arose over the decision of some Japanese strawberry growers to employ Filipino pickers in preference to white persons. Farmers and other residents of the district began to collect but Sheriff Connell warned them of any move that might incite a race riot and persuaded them to go home.

A mass meeting is to be held tomorrow night in an effort to settle the difficulty.

Filipino laborers were remaining in the district.

Group Confers Here; Offers Assistance in Court Action

Judge to Hear Matter Argued Soon Asked By Both Sides

With a revenue loss of approximately \$121,000 facing them if the high school tuition case of Weinart vs. O. D. Bower is won by the plaintiff, 32 officials and school directors of Marion county high school districts met and organized at Salem high school last night. H. H. Olinger, chairman of the Salem board, was elected chairman of the group and V. D. Bain, Woodburn superintendent, secretary.

The group voted to offer District Attorney John H. Carson their cooperation in defending the case and, if necessary, to employ outside counsel to assist him. A \$500 fund, to be apportioned among the districts on the basis of last year's enrollment, was voted for attorney hire.

A committee to handle the details was appointed: Chairman Olinger; secretary Bain; Dr. R. E. Kleinsorge of Silverton; Grant Murphy of Stayton; Hoyt Capp of Aumsville; T. J. Moisan of Gervais and C. A. Bear of Turner.

Hiring of Teachers

Being held up by the tuition case not only threatens the districts' revenue but it is holding up hiring of teachers, making of budgets and of plans for 1932-33, it was pointed out. Mrs. Mary L. Fulkerson, county school superintendent who was unable to be present, sent word that this case seems to be causing more usual delinquency in payment of the county and elementary school taxes.

School officials attending the meeting were: G. J. Moisan, Gervais director; J. A. Ferchmeier, Gervais chairman; R. W. Tannenr, assistant superintendent, Salem; T. K. Sanderson, Woodburn chairman; Paul Mills and E. J. Allen, Woodburn directors; L. W. Magee and Ivan Smith, Scotts Mills directors; C. A. Baer, chairman, and Stanley Grant Murphy, director, Turner; H. E. Tobie, superintendent, Stayton; Roy Porter, director, and Hoyt Capp, chairman, Aumsville; Lyman W. Patton, superintendent, Jefferson; John R. Cox, superintendent, Turner; Albert M. Davis, principal, Silverton; M. E. Conner and H. R. Irish, directors, Silverton; R. E. Kleinsorge and R. B. Duncan, directors, Silverton; T. E. McClean, Salem school bus operator; T. C. Mounshin, Aumsville director; V. D. Bain, Woodburn superintendent; H. F. Durham, junior high principal, H. H. Olinger, chairman, George W. Hug, superintendent, M. D. McCallister and F. E. Neer, directors, Salem.

Chief Justice Bean will be asked today by counsel on both sides of the high school tuition case now pending in court here, to name a judge to hear the arguments. Judge Gale S. Hill, before whom the case of Weinart vs. Sheriff O. D. Bower, was first brought, will not be able to return to the bench in time to hear the case and make a decision which will permit early appeal to the supreme court.

The case is important, not alone to this county where all taxes for the high school tuition fund are being held up, but to all other counties in the state who are vitally interested to know whether or not the courts will sustain the high school tuition law under which the counties and school districts have operated for years. Loss to the Salem district alone would be \$40,000.

James G. Heitzel is representing the plaintiff who in turn is speaking for a group of 31 Angel taxpayers who declare the tuition law is discriminatory and unconstitutional. Defending Bower, who has been enjoined from collecting 1931 tuition taxes, will be John H. Carson, district attorney.

Not only are 1931 tuition taxes held up but there is a tendency noticed for taxpayers whose 1931 bill includes tuition to hold up payment upon all their tax until the tuition matter is determined. Counsel for both sides have indicated that the state supreme court for a decision, no matter what decision is made in the lower court.

BEND WITHIN BUDGET

BEND, Ore., April 21.—(AP)—C. G. Reiter, Bend city manager, reported today expenditures of the city of Bend during the first three months of the year were more than \$10,000 under budget allowances.