

STAR CHAMBER SESSIONS HELD CLANCY AVERS

Present Empire President Says Details of Firm's Acts Kept From Him

Some of Records are Gone He Declares; Efforts To Restore Told

DALLAS, Ore., May 5.—(Special)—Dr. R. W. Clancy, president and former secretary of the Empire Holding Corporation, was the principal state witness during the fourth day of the trial of Judge O. P. Coshow on charges of diverting a scheme to defraud. At the close of the testimony, the state has presented 25 witnesses including stock purchasers and former salesmen of the Empire company.

Dr. Clancy, on direct examination, told of becoming interested in the Empire Holding corporation and giving up his practice in Medford to enter the Portland offices because of his faith in Dr. W. R. Adams. He went to Portland in April, 1931, on condition that he would be permitted to attend all meetings and "know what was going on." Prior to entering the Portland office he had secured for 200 shares of Empire stock and had paid \$5000 down. He had been promised a position as assistant medical director for the life insurance company and another as treasurer of one of the subsidiaries which were to be formed later.

Clancy stated that at the first directors' meeting after he went to Portland he was allowed to sit outside or over an hour and not invited to attend. He got somewhat "peevish" at this treatment and was going to return to Medford but George Robinson persuaded him to stay. Soon after this he was elected secretary and allowed to attend the meetings of the executive board. At these board meetings, Clancy said, Coshow, Fetty, Adams, and Stockman had full sway and he merely kept the minutes. He later learned that the board was holding secret meetings from which himself, Frank Keller and George Robinson were excluded.

Thought Officers Had Paid in Cash

Clancy stated that prior to May, 1931, he thought the officers had each paid 25 per cent down on the subscriptions as he had done and that he did not learn until June or July that salaries were being paid.

In June, 1931, the corporation was threatened with a financial shortage and Clancy advanced \$4000 of his own funds in order that it might continue in business. He later learned that L. H. Fetty had drawn \$8000 of this advance for his own use and it was at this time that Clancy began to investigate the affairs of the company. He found that Adams had not said anything into the company but at Clancy's request Adams paid \$2000.

Clancy said he had been given a salary contract but it was definitely stated on this that no money would be paid until subsidiary companies were earning. He learned of the salary contracts of the other officers and that they were being credited on their notes of \$3000 for commissions. Clancy suggested that all contracts be torn up and Adams, Keller and himself be paid the balance Adams suggested that they reduce all salaries to \$5000 as a compromise but Coshow said "I won't take a cent less. I'm going to stand on my contract." At this time an agreement was made that no money would be drawn but credits on their notes were taken instead; however, some cash was drawn after this agreement.

McMahan vs. Carson Sniping Breaks Out Into Open Warfare

Circuit Judge Reveals Asserted Findings of Grand Jury That Didn't Report; Charges Hurlled and Sharp Retort Follows

VERBAL sniping between Circuit Judge L. H. McMahan on the one hand and District Attorney John H. Carson along with his brother Allan Carson who is a candidate for district attorney on the other, swelled into open warfare Thursday. The occasion was a lengthy statement from the judge, based upon findings of a grand jury which never reported, having been dismissed on the ground that it was illegally continued from term to term.

In this statement sharp criticism is made of various state and county officers, among them the district attorney. Apprised of what the statement contained, District attorney Carson replied with a brief but pointed declaration which styles the judge's attack as "malicious" and "incompetent drive" and contains an answer to the charges made. Judge McMahan's statement, in full, follows:

"I instructed a grand jury to investigate county and state records in the matter of the expenditure of public funds. A technical objection to the grand jury was made upon the ground that no order (Turn to page 2, col. 1)

BENDELE FREED IN HIT-AND-RUN CASE

Claims he Didn't Know of Crash; Jury Remains Out 20 Minutes

Verdict of not guilty was returned in 20 minutes yesterday by the jury in justice court which heard the case against Paul P. Bendele of Drain, charged with failing to stop and give aid in an automobile accident.

Bendele was arrested following an accident which occurred on the highway near the Labish school April 25, when car driven by Mrs. G. H. Hibarger was crowded from the highway and both Mr. and Mrs. Hibarger were injured. She is still in the hospital here.

SALEM WOMAN IS HELD AFTER CRASH

PORTLAND, May 5.—(AP)—Mrs. Jane Howell of Salem was arrested here today on a charge of reckless driving after her automobile had struck an automobile at the east end of the Burrill bridge and then crashed into another automobile at the west end of the bridge, injuring one of the persons riding with Mrs. Howell. Her bail was set at \$1000.

Rivers, Harbors Fund For State Near 2 Millions

PORTLAND, Ore., May 5.—(AP)—A special Washington dispatch to the Oregonian says Oregon items in the rivers and harbors section of the war department supply bill, which was introduced today, total \$1,952,250.

Piano Ensemble Program Spectacular Music Event

By OLIVE M. DOAK
A brilliant display of musical talent and technical perfection was presented before a lamentably small audience Thursday night at the Salem armory by the piano ensemble as its tribute to national music week.

MAY FESTIVITIES AT WILLAMETTE TO OPEN TODAY

Philharmonic Choir Will be Featured at Elnore In Night Event

Traditional Breakfast, May Dances, Track Meet and Play set Saturday

TODAY'S PROGRAM
1:00 p.m.—Welcoming of guests, sight seeing tours.
3:00 p.m.—Baseball game at McMinnville between Willamette and Linfield.
7:00 p.m.—Screen feature at Elnore theatre.
8:30 p.m.—Philharmonic choir and stringed quartet at Elnore theatre.
SATURDAY'S PROGRAM
7:30 to 9:30 a.m.—May morning breakfast at Chresto cottage, all invited.
9:30 a.m.—Tennis meet with Linfield college on W. U. courts.
11:00 a.m. to 1:00 p.m.—Coronation of queen, May dances and pageant, Robin Hood.
1:15 p.m.—Fellowship luncheon.
2:00 p.m.—Track meet between Willamette Bears and Linfield college on Sweetland field.
4:15 p.m.—Annual freshman-sophomore tug-of-war over mill stream.
8:15 p.m.—Junior play "Minich" at Salem high auditorium.

OUTDOOR FLOWER SHOW IS PLANNED

Salem is to have another outdoor flower show, and this time it will be held June 4 and 5 in Wilson park. Such was the decision of the committee which had been appointed by Miss Edith Schryver, president of the garden club, and which met Wednesday night to make definite arrangements for the show.

TAXPAYERS HURRY TO BEAT DEADLINE

Hundreds of Marion county taxpayers paid the first half of their 1931 property taxes at the court-house yesterday as the final date passed during which no interest charge can be made. Beginning today Oscar D. Bower, sheriff, must add two-thirds of one per cent interest for each month or fraction of a month the tax is delinquent. While the number of taxpayers who attended yesterday was not large, there was no confusion at the tax collection office where the payments were made.

HOOPER CRITICIZES ACTIONS OF HOUSE

WASHINGTON, May 5.—(AP)—Arraigning the house of representatives in stinging terms, President Hoover addressed to congress late today a special message demanding a "definite and conclusive program for balancing the budget."

Blaze in Dairy Plant Put Out

Fire in an overheated electric motor in the basement of the Salem Sanitary Milk company plant, 1835 State street, yesterday afternoon filled the place with smoke. It was extinguished with sand. Firemen were called out from the east station, a block away, and from central station.

County Pioneer To be Honored

Mrs. Emma Smith Terrell, resident in Marion county since 1858, who died Wednesday in Portland, funeral services will be held today at the Clough-Barrick chapel at 2 p.m. Mrs. Terrell was the widow of Judge Terrell, one-time head of the county court here. She came to Oregon as a girl of 12 by way of the Isthmus of Panama. She was 86 years old at the time of her death.

HILL FUNERAL SET SATURDAY, ALBANY

Members of bar From Both Counties to Attend; no Word on Successor

Funeral services for the late Gale S. Hill, circuit judge of the third Oregon judicial district, will be held Saturday at 2:30 p.m. at the Fortmiller funeral home in Albany. Judge Hill died Wednesday night in Portland after an extended illness.

HITCH-HIKERS ARE GIVEN AID QUICKLY

Hitch-hiking from Louisiana to Oregon, some 4000 miles, failed to provide a family of four with jobs—but a news story in The Statesman turned the trick.

NEW LIBRARIAN OF WILLAMETTE HERE

Dr. Robinson Spencer, the new head librarian of Willamette university, arrived on the campus Thursday and is prepared to take over his duties at once.

Seattle Dentist Is Convicted of Slaying Mother

SEATTLE, May 5.—(AP)—A few days more than two months after Dr. Albert G. McKeown, middle aged dentist, beat his aged mother to death in the basement of his home here a jury today convicted him of second degree murder. They tempered their verdict with a recommendation of leniency.

Election Plans Are Being Made

Preparation for the semi-annual primary election is going forward rapidly at the office of County Clerk Boyer at the court-house. Poll books, ballots and other material for use in each precinct are being prepared by the regular deputies and several extra workers employed to help during the election rush.

4-H CLUB FAIR EXHIBIT OPENS; AWARDS LISTED

Will be Open to Public at Chamber of Commerce Building Today

Judging of exhibits for annual 4-H boys' and girls' club fair was completed late yesterday, and today and tomorrow the displays in the chamber of commerce building will be open to the public. The exhibit will be open tonight, but not Saturday night.

STATE POLICE HIT BY JURY'S REPORT

TOLEDO, Ore., May 5.—(AP)—District Attorney Earl P. Conrad reported today that the Lincoln county grand jury had investigated the jail break and liquor bl-jacking here March 21 and found that there was no complicity between the offenders and Lincoln county officers.

Initiative Measure is Nearly Ready for Ballot Title

Progress which within a week may make possible the procurement of a ballot title for an initiative measure to consolidate the University of Oregon and Oregon State college into one institution at Corvallis was reported late Thursday night when the executive committee of the Marion County Tax Equalization and Reduction league adjourned here.

Initiative Measure To Curb Trucks Will be Offered

PORTLAND, May 5.—(AP)—Oswald West, former governor of Oregon and now president of the Highway Protective association, said today his organization has drafted an initiative measure to give the people a chance to vote heavy freight trailers off the highways, to bring contract carrier operations under regulation of the utilities commissioner and impose on them a fee of 1 1/2 mills per ton mile and to increase to 1 1/2 mills the ton mile fee for commercial freight common carriers.

Progress in Move for Consolidating Higher Schools is Made Here

MEANS IS BRANDED KIDNAP RACKETEER

WASHINGTON, May 5.—(AP)—The world wide search for the kidnaped Lindbergh baby was echoed dramatically today in the arrest of Gaston B. Means on a charge of obtaining \$100,000 on false representation that he could obtain the child from his abductor.

MEANS IS BRANDED KIDNAP RACKETEER

Department of justice agents arrested the former justice department investigator after a secret inquiry into allegations that he had been paid the money by Mrs. Edward B. McLean, wife of the publisher of the Washington Post.

TOOK \$100,000 FROM WOMAN AS LINDY RANSOM FUND, CHARGED IN COURT

Means was charged with having taken \$100,000 from Mrs. McLean, wife of the publisher of the Washington Post, for the purpose of securing the child from his abductor.

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