

Accident Insurance
You cannot afford to be without the Travel and Traffic Accident Insurance which is issued to Statesman subscribers for only \$1 a year.

The Oregon Statesman

FOUNDED 1851

Salem, Oregon, Tuesday Morning, February 21, 1933

WEATHER
Unsettled with occasional rain today and Monday; Max. Temp. Saturday 52; Min. 35, river 8.5 feet, rain .25 inch, south wind.

EIGHTY-SECOND YEAR

No. 283

Strong-arm Squad in Bank Reopening Case Active Here, Report

Umatilla Man's Nose Mistreated When He Holds out

Finally Gains Desired Concessions, Will Not Prosecute

Nose-twisting by man-handlers from Pendleton started in Salem Friday night when Leonard Zwicker, farmer of Umatilla county, was dragged from an automobile in which he was riding with his brother, Otto Zwicker, proprietor of the Salem Pluff Rug and Mattress factory, and roughly treated. He was forced to sign a waiver agreement covering his deposit of nearly \$15,000 in the First National bank of Pendleton, which has been closed on holiday since October 18.

What is presumed to have been the same strong-arm squad went to Gresham and Saturday afternoon attacked J. C. Turner, aged farmer, twisting his nose and compelling him to sign a similar waiver. Immediate publicity was given the Turner attack. While the Statesman had partial reports Saturday of the Zwicker attack it was impossible to verify the rumors in time for publication Sunday morning.

The Pendleton men sought the cooperation of local bankers to effect an agreement because the reopening of the bank was regarded as of prime importance to the business life of Umatilla county.

Mr. Zwicker and his brother Otto then left the bank to return home. Men had peered into the bank when the conference was in progress, but they thought nothing of it. Passing along State street to reach their car they saw other cars with a group of men in them. Two cars followed them as they drove toward home at 13th and Wilbur.

On South 12th street, they were stalled to stop and about nine men set upon them, first mistaking Otto Zwicker by mistake. Then they roughly pulled Leonard Zwicker out of the car and twisted his nose severely. As he was overpowered by numbers he signed the waiver telling them it would be of no value. Zwicker did not know the names of the men; he said to have been in the company was George Ferguson, also reputed member of the crowd at Gresham.

The Zwickers came back downtown and reported the matter to the district attorney. The Pendleton crowd Saturday morning solicited terms of settlement. They finally agreed on terms which Otto Zwicker said were far better than his brother had been offered previously to settle for. Mr. Zwicker then signed the agreement voluntarily and dropped other charges. The matter was closed Saturday noon. It was Saturday afternoon when the Gresham farmer was given similar rough treatment by the Pendleton rough-necks for which they face charges of prosecution.

The comptroller of the currency required a sign-up of 97% of deposits in the bank before allowing it to resume business. As Zwicker's deposit was a large one, his agreement was necessary to permit the re-opening. According to Monday's dispatches the bank is expected to again be running within a few days.

Edwin Winter, in charge of the bank reorganization, when advised Friday night of the tactics used here, immediately advised that no waivers obtained under duress would be used.

Municipal Dock Plan is Backed

The proposal for Mayor Douglas McKay and City Recorder Mark Poulsen to apply for a \$75,000 R. F. C. loan for construction of a municipal dock here was reported out favorably by the city council public utilities committee last night. The original resolution was introduced at the first council meeting this month.

Move for a Less Drastic Education Cut Defeated

Effort to obtain a less drastic reduction in the salary schedule for the higher education, led by Homer Angell, failed to receive approval of the ways and means committee of the legislature Monday night. Angell proposed that the \$5 to 30 per cent reduction be applied to these salaries instead of the 5 to 50 per cent cut which the committee adopted early in the session.

Angell indicated such a reversal would save the higher educational institutions approximately \$160,000.

Representative Abrams protested against any change in the salary reductions affecting the higher educational institutions on the ground that the five to 50 per cent cut was a compromise which apparently was satisfactory to all concerned.

BATTLE WAGED OVER INTEREST RATE ON LOANS

Hours of Debate Result in Passage of Two Bills, Defeat of Others

Dickson Leads in Strenuous Fight; Rumor of Strong Lobby is Voiced

Rates on small loans, whether they be the \$5 advance of a pawn broker, or the \$300 maximum 3 per cent a month advance now made by so-called "remedial associations", tied the house up in oratorical knots Monday and the fight was not concluded until 4 p. m. As a result some 50 house and senate measures also on the calendar were held back and leaders in the house admitted it would be impossible for that session to conclude its work this week.

The five bills dealing with the small-loan business went through a series of parliamentary maneuvers: first a motion to indefinitely postpone consideration of all the measures, a step the house immediately voted down.

Then came a bill by Dickson, accompanied by recurrent considerations of the various measures by committees of the whole. When the house had concluded its activities, the following changes had been agreed upon in existing laws:

Interest rates on pawnbroker's loans were reduced from three to two and one-half per cent a month.

The state banking department was authorized to secure full gross and net earnings reports on all small loan businesses operating under a state license.

H. B. 457 to limit interest rates on loans of \$30 or less to 10 per cent a month was killed.

H. B. 458 to limit interest rates on all loans up to \$300 to two and one-half per cent was killed.

H. B. 459 to reduce interest rates on monthly balances of loans on autos from three to two and one-half per cent on sums of \$500 or less was lost as well as the attempt to reduce the limit for three per cent loans from \$300 to \$200.

As a whole, the small-loan reductionists lost their fight but Representative W. L. Dickson, who led the attack, put up a gallant scrap which on several occasions was only one or two votes short of passage.

Dickson in the morning session won the fight from the majority report of his committee when he secured passage of his motion to Turn to Page 2, Col. 1)

CUBS AND GIANTS HEAD SOUTHWARD

CHICAGO, Feb. 20—(AP)—The advance contingent of one quarter of the 1933 National League pennant race, the Cubs and Giants, steamed toward California's spring training grounds tonight in great style and camaraderie.

Getting an even start in the flag chase, the first squads of the two great baseball rivals joined forces in Chicago and boarded a deluxe nine car special train for the trip west. The combined party totaled 56 of which 22 were baseball players.

President William L. Veack, making his first trip west with the club in many years, headed the champions and their party of 23. Included among them were Manager Charlie Grimm, Pitcher Guy Bush, Pat Malone, "Buck" Newsom, and Beryl Richmond; Catchers Zack Taylor, "Gabby" Hartnett, and his brother, Herman, who is getting a trial; Infielders Elwood English and Billy Herman, and Outfielder Jackson Riggs Stephenson.

Move for a Less Drastic Education Cut Defeated

"It is my opinion," Abrams declared, "that 25 per cent of the millage tax for the higher educational institutions should be diverted to the general fund."

Representative Gordon then raised the question whether it was legal to divert funds which had been appropriated for a specific purpose. A motion followed that this question be referred to the attorney general for a legal opinion.

B. K. Lawson appeared before the committee and urged an appropriation of \$10,000 for the creation of a state mining board. A bill providing for placing all self supporting state activities on a budget system was explained by the committee by Representative Ryan.

Courageous Woman Who Saved Life Of Roosevelt; and One of Wounded



GIESY AND SCHWAB FACE U. S. CHARGES

Illegal use of Mails Cited in Secret Indictment; Men are Arrested

PORTLAND, Ore., Feb. 20—(AP)—Dr. B. F. Giesy, Zeno Schwab and William Phoenix, officers of the Willamette Valley Mortgage and Loan company of Aurora, Ore., were arrested today on charges of using the United States mails to carry forward a scheme for obtaining money and property by means of false pretenses, the charges were contained in a secret indictment by the federal grand jury.

The four men are accused by the federal government of issuing trust deeds on real estate which were not bona fide. The government charges that they wrote letters to customers who had mortgages on property at the time those mortgages expired notifying them that the company was re-investing the money in other mortgages and enclosing notes alleged to be worthless. The indictment named Ed W. Diller, Fred B. Garrett, Charles T. Hart and N. C. Westcott as alleged victims.

Watt is present in Seattle, where he is in the drug business. Dr. Giesy was arrested today at Aurora and Schwab at Gervais. Phoenix came here of his own accord from Jerome, Idaho.

The federal grand jury indictment contains four counts. Ben W. Cleot of Portland is receiver for the mortgage and loan company.

Jean Eastridge Recovering; Has Serious Injury

Improvement was reported last night in the condition of Jean Eastridge, 1069 Leslie street, who suffered serious injuries to her back early Sunday morning when a car in which she was riding with Sam B. Harbison, 19, of 1845 South Commercial street, crashed and rolled over on the Pacific highway, 10 miles south of Salem. Harbison received cuts about the head and sprain of a leg and the back. Both were knocked unconscious. Miss Eastridge is in Salem General hospital.

In his report to the sheriff, young Harbison states that his car was struck by an unknown machine coming from the south, turning his car around and wrecking it. The other machine did not stop and its license number was not obtained, he says.

Workers' Center To Open Tonight

Opening of a so-called "workers' center" at the corner of Court and Court streets will be celebrated by the Salem unemployed council at 8 o'clock tonight with a public meeting. Dirk De Jonge of Portland is scheduled to speak on "United Front Mass Action."

FIRE INSURANCE RATE INCREASE HERE FORECAST

Survey of Department Will Be Made, Hope to Offset Underwriters' Data

Base Will be \$1; Move is Criticized Severely by Council Members

Announcing receipt of information that the base rate for fire insurance in Salem was soon to be raised, Alderman O. A. Olson last night obtained reports about insurance men and firemen. The insurance underwriters, who in their report two years ago set the base rate here at 80 cents on \$100, plan to raise the rate to \$1, Olson stated. He said he wished to make the survey of the fire department so as to be able to make a showing to the underwriters.

Alderman H. H. Vandevort popped up to declare that "we've got a good fire department. If there is any way on earth we can take this insurance away from them, let's do it." Raising the insurance rate, he averred, is "highway robbery."

Questioned on what the city could do about the insurance, City Attorney Chris J. Kowitz commented, "We can take it or leave it. The council can only decide about insurance on city property. The private citizens can insure as they like."

"The fire insurance companies have been losing money on fires for the past 13 years," Alderman Paul Hendricks interjected by way of explanation. "The rate here is low, the same as at Eugene and Albany."

Of 5000 points on which the underwriters base their rates, 1500 points are on fire departments and 1700 on water supplies. It was on these two factors, especially water supply, that the last rate raise was made.

Alderman Olson lost when he moved that \$340 be spent to purchase smoke and gas masks for the fire department. He declared the Oregon building fire last month, with its deadly fumes from burning photographic films, had proved the uselessness of present, low-quality masks. One (Turn to Page 2, Col. 3)

WETS TAKE HEART AND PLAN ACTION

While not out on the floor of either house, the prohibition subject again became a major issue in the Oregon legislature Monday following action by the national congress submitting the repeal of the 18th amendment to the states.

Leaders predicted favorable action upon the new house measure calling for the election of delegates to a state convention to consider the issue. A senate proposal had previously been defeated 17 to 13 in the upper house.

Recognized wet leaders expressed themselves Monday as encouraged over the prospects of the proposed measure while Romeo Gouley, Marion county representative, wired Senator Charles L. McNary requesting immediate information as to what congress may be expected to do in the matter of convening state conventions and providing machinery for the election of delegates.

Sales Tax Battle Fought All Over Again, Hearing

A final public hearing on pending tax measures was held by the house committee on taxation and revenue in the house chamber last night. The hearing developed into an argument over the sales tax in which much old straw was threshed over. Farmers appeared on both sides of the question, the most eloquent advocate of the sales tax being E. H. Belknap, former representative from Benton county. He professed to see nothing else in sight to meet the emergency.

"Farmers have been bearing 80 per cent of the burden for 80 years," said Belknap, "and if necessities are to be exempted, the farms should be exempt. Providing revenues through an income tax is an impossibility. Where are your incomes? Lowering the exemptions gets more people to vote against it. I am for the sales tax pure and simple. It is not unjust. Every individual ought to be willing and anxious to support the government. Clerks, teachers and salaried people who pay no tax now would be glad to pay a fair tax."

J. E. Bernard, Yamhill county farmer, urged relief from property taxes and said he favored a sales tax over a property tax.

CHINESE ATTACK BUT ARE BEATEN BACK; LOSS HUGE

Attempt Drive on Japanese Garrison at Chaoyangssu; Many Left Dead as They Retreat Northward; Veteran Japan Army Moves Briskly Into Jehol but big "Push" Expected Today has not yet Started

Secession From League of Nations Decided Upon, Naval Minister at Tokyo Declares; Navy Ordered to Prepare For any Emergency; Assault on Manchuria's Neighbor To be Answer to League's Condemnation

CHINCHOW, Manchuria, Feb. 21—Tuesday—(AP)—Reports of severe fighting between Japanese and Chinese troops at Chaoyangssu in the Province of Jehol, were received here today by the Rengo (Japanese) News agency correspondent.

The Japanese asserted the Chinese attacked the Japanese garrison there at 10:30 p. m. Monday night after which the Chinese retreated northward, leaving many dead.

The command of General Yoshimichi Suzuki, comprising veterans of the Shanbikwan battle early in January, are hastening into Jehol province.

The Japanese troops also expected to seize shortly the city of Peipao, the terminus of one branch of the Peiping-Mukden railroad.

Japanese reports were that the Japanese soldiers immediately set out in pursuit of the retreating Chinese at Chaoyangssu.

The Japanese assert that Chinese troops belonging to General Tang Lu Lin's 107th brigade had attempted to encircle Chaoyangssu and to attack the Japanese from the rear. This maneuver, according to the Japanese version, precipitated the conflict.

(A Tokyo war office communiqué said this clash was an isolated affair and was not connected with a major offensive in Jehol province for which the Japanese now are preparing.)

TOKYO, Feb. 21—Tuesday—(AP)—Saying that Japan had decided to secede from the League of Nations, Admiral Mitsuo Osami, Japanese naval minister, today ordered the Japanese navy to be prepared for any emergency.

His instructions followed fast-moving developments that were bringing to a head the Sino-Japanese dispute regarding Manchuria and the nearby Province of Jehol.

Although a foreign office spokesman said the Japanese assault on age-old Jehol might begin today, concomitant with the League of Nations' adoption of a report condemning the Japanese course in Manchuria, other military leaders here said the carefully-prepared and long-expected assault on Jehol might not start for several days.

Builders' Show Scheduled for Mar. 23 and 24

March 23 and 24 are the tentative dates for the building show to be held by Salem chapter, Oregon Building congress, it was announced at last night's special directors' meeting. The affair will be staged in the armory.

Present plans are for Mayor-elect Joseph K. Carson of Portland to be the main speaker on the opening night program. In addition to programs, the show will offer the public, free of charge, opportunity to view all types of building materials and equipment, arranged in booths around the armory walls.

Leading the fight against the sales tax were Ray Gill, master of the state grange, and Ben C. Osborne, secretary of the State Federation of Labor. They covered practically the same ground as during the special session. Gill advocated increases in income and inheritance taxes, reducing of expenses and using state's credit to carry the deficit. Others opposing the tax were C. D. Springer, Linn county farmer and Mr. Williams of Washington county.

A group of Washington county farmers presented resolutions asking for relief from heavy property taxes, and calling for a constitutional amendment prohibiting such levies. Mr. Haines of Washington county, pleaded with the legislature and not to sign any petition referring to the people the tax laws which the legislature finally evolves.

J. F. Ulrich, representing real estate men, expressed the view of his group as favorable to the income tax rather than property or sales taxes. The taxation committee will proceed to formulate its recommendations for submission to the legislature, which is expected to be within the next few days.

The Day in Washington

By the Associated Press

Repeal of 18th amendment submitted to states for ratification as house passed, 289 to 121, resolution already approved by senate.

Senate passed Wagner bill carrying additional \$300,000,000 for relief loans to states and liberalizing construction loans.

President Hoover in special message urged on congress new moves to promote "economic recovery" and opposed domestic allotment farm relief.

House received from committee \$315,000,000 naval appropriation bill.

Senate agriculture committee reported formally domestic allotment farm relief bill limited to wheat and cotton.

Melvin Traylor and Leonard P. Ayres, bankers, advocated to senate finance committee sound money and reduced government expenditures.