

WATER SYSTEM SALE OKED IN FEDERAL COURT

Valuation in Condemnation
Suit Officially Fixed at
Million Dollars

Amount of Attorneys' Fees
Not Settled and Must
Be Decided Later

PORTLAND, Ore., July 12.—(AP)—The Salem water works system, being sold to the Oregon-Washington Water Service company, was valued at \$1,000,000 by federal court stipulation here today.

The action was a part of the legal efforts by the city of Salem to condemn and acquire the system. Federal Judge James Alger Fee gave a preliminary judgment, based on the stipulation of the parties, who also waived a jury trial.

Testimony was given today by John W. Cunningham, civil engineer, and by Herbert K. Griffith, vice president of the Oregon-Washington Water Service company.

No more than half an hour's time and a handful of stipulations were required yesterday to bring to a close before Federal Judge Fee the condemnation suit which the City of Salem started in circuit court here January 9, 1934. City Attorney Chris J. Kowitz reported on his return here last night. After taking the case under advisement which he had the judgment order prepared by attorneys on both sides of the case, Judge Fee signed it yesterday afternoon.

Payment of Counsel Still Undetermined
While the long-disputed matter of the price the city will pay for the water system is now settled, exception costs of supplies and improvements since September 27, 1934, there yet remains to be determined how the amount of fees for special counsel shall be arrived at. Judge Fee declined to assume this responsibility, which had been requested of him after the special water committee had canceled the oral contract to pay W. C. Winslow \$50 a day for legal work and \$100 per day in court.

Judge Fee was reported to have suggested that Estes Snedecor, who had been named as auditor-referee to hear the condemnation testimony—before the city agreed last May on the \$1,000,000 evaluation—might accept the task of deciding what would be a fair fee for Winslow, Custer Ross and Roy Shields of Portland for their legal services to the city. Snedecor was undecided as to whether or not he would do this.

The attorney fee question, raised by Judge Fee's refusal to settle it, will be resubmitted to the special water committee in the near future. Alderman Walter Fuhrer, chairman, indicated last night.

Cancel Snedecor's Status as Referee
A supplementary order by Judge Fee yesterday canceled Snedecor's appointment as referee-auditor. If the latter seeks any pay for his preliminary investigation of the case, the court will fix the amount and it will be paid 50-50 by the city and the water company, Kowitz said.

The final step in turning the waterworks here into a municipal system will be the payment of the \$1,000,000 by the city to the company in federal court, scheduled for August 1. It is planned to make the payment before Federal Judge John H. McNary if Judge Fee is unable to be in Portland on that date.

Both Cunningham and Griffith were witnesses for the city in yesterday's brief "trial." The former testified as to the local water system's usefulness and the latter as to the value of the system. (Turn to page 2, col. 1)

GUILTY IS VERDICT IN PICKETING CASE

GRESHAM, Ore., July 12.—(AP)—Arturo Gimenez today became the second union man convicted by a justice court jury here on charges of disorderly conduct for picketing the Bridgeton timber company plant in defiance of a sheriff's order halting picketing there.

Andy Matlines, first man convicted, was not at his trial and is missing. Officers arrested 237 pickets who continued to step into picket lines as the 17 follow strikers were released.

Appeals Indicated
Sheriff Martin Pratt declared the picketing ceased to be peaceful when a company truck was overturned 20 miles from the mill by a beat-up gang whose members were not definitely identified.

B. A. Green, union attorney, announced he will petition the circuit court for a writ of review in both convictions. No immediate prosecution of the other 235 cases is planned, the prosecution announced.

WPA Offices Will be Established Here and Project Start Rushed

Jim Smith Director for Eight Counties; Seeks
Headquarters Site; Eakin, Metcalf and
Two Engineers Already on Staff

HEADQUARTERS for district three of the state works progress administration will be set up and the first applications received as speedily as possible. James E. Smith, yesterday appointed director for the eight counties with central offices in Salem, returned from Portland late last night with that word.

Restaurant Man Called to Rest



WILLIAM P. GEORGE

WILLIAM P. GEORGE RITES SET MONDAY

Proprietor of White House
Restaurant For Many
Years Passes On

Death came yesterday afternoon to William P. George, 79, who for 35 years operated the White House restaurant at 362 State street. He died at his home, 340 East Washington street, following a prolonged illness.

Mr. George was born May 11, 1856, at Redfield, Ia., the son of Aden and Isabelle George. On September 22, 1893, he married Laura A. Williams at Medical Lake, Wash., and in 1894 moved to Salem from the Coeur d'Alene mining district in Idaho. He acquired the White House restaurant a short time later. The George family severed its connection with this business in 1932.

Funeral is Monday
Surviving are the widow, Laura; four sons, Chalmers Lee George of New York, Jesse R. and John D. George of Salem and William P. George of Albany; two daughters, Mrs. Hazel Davis and Isobel F. George of Salem; three grandchildren, Chalmers Lee George, Jr., and John R. George, both of New York, and Sharon Lee George of Salem; three brothers, Lee T. George, William George's twin, and Jesse of Salem; Edwin of Wyoming; three sisters, Hannah Smith of Missouri, Anna McKinnon of Oklahoma and Lizzie Williams of Arkansas.

Funeral services will be held Monday at 3 p.m. from the chapel of the W. T. Rigdon company.

Direct Appropriation For New Capitol Favored Here

Construction of a new state capitol building by direct legislative appropriation rather than with funds raised by a bond issue, was decided definitely at a conference between members of the state planning board and the state board of control here Friday.

Other conclusions were: Location of the capitol on the site of the old building, with the possible acquisition of additional land.

Construction of a fireproof structure of sufficient size to take care of future expansion of the state business.

These conclusions, together with other data, will be contained in the state's application for a 45 per cent federal grant to be filed with the government within the next two weeks.

Governor Martin urged that the application be filed prior to the return of Senator McNary, who will leave Washington immediately upon adjournment of congress. Under the proposed setup \$500,000 would be appropriated at a special legislative session to be held later this year while the remainder of the \$2,000,000 to be raised by the state would be appropriated at the regular legislative session in 1937. The federal

CENTURY MARK IS REACHED BY MERCURY HERE

100.8 is Maximum; Aquatic
Relief Sought by 2000
In Municipal Pools

Hottest Since State Fair's
Opening Day Last Year,
Records Indicate

Old Sol applied his heat so directly upon Salem yesterday that the weather bureau thermometer zipped to the 100 degree mark by 3:42 p. m. and a few minutes later teetered at 100.8, the highest temperature recorded here since last September 2, first day of the state fair, when the mercury touched the 101 point.

The slow decline in temperature which followed the day's peak left the night warm and prospects for another hot day today. Continuation of high temperatures, low humidity and clear skies were predicted by the weather bureau for today and Sunday. Morning clouds were forecast for the sea beaches.

Capacity of Water System Is Taxed
The heat wave brought such a sudden demand on the city water system early last night that for a time the pressure fell to 25 pounds and Fairmount hill residents found their faucets dry.

The SERA headquarters here in the Chambers building are out of the picture as a place for the WPA setup, Smith reported, as he had instructions to get an entirely different location.

The WPA setup will last for at least 18 months, until the end of the Roosevelt term, or possibly longer, it is now estimated.

Only a small amount of printed matter and only a few copies of instructions to WPA workers have reached the state headquarters yet, Smith reported, but such materials will be here before dis-

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UTILITY DISTRICT IS PROPOSED HERE

Group in County Seeks to
Take Advantage of Low
Bonneville Rates

Permanent organization for a Marion county utility development program, designed to place people of the county in a position to take advantage of reduced rates as soon as power from Bonneville is ready for transmission, was perfected at the chamber of commerce last night following preliminary meetings of committees from the county farmers' union and the grange. Harley Libby of Jefferson was named president and Herman E. Lafky, Salem, secretary.

Officers were instructed to select a number of sponsors over the county to assist in the work of perfecting original petitions and carrying forward under the hydro-electric commission law.

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PATTERSON HEADS 20-30 CLUB HERE

Pat Patterson was elected president of the Salem 20-30 club at the regular meeting of the group held last night at the Quella restaurant. Patterson with the other officers will be inducted into the club at initiation ceremonies at the Fraternal Temple on August 3, the club's charter night. Representatives of 20-30 clubs throughout Oregon, Washington and California are expected to be present.

Patterson succeeds Floyd Bachman, who was elected to the board of trustees. Other new officers are: Vice president, Russ Woodry; 1st vice president, Vern Mathis; 2nd vice president, Robert Sears; treasurer, Pat Emmons; secretary, Francis Ernest; sergeant-at-arms, Robert Kitchener; trustees, Floyd Bachman, Joseph Young, Kenneth Lee, Glenn Nash and F. Ernest.

Francis Erber, president of the Junior Woman's club, was a guest at the meeting and spoke to the club. Ray Shannon, president of the Delake 20-30 club, was also a guest. This club was converted from the Ocean Beach young men's development club into a 20-30 group through the efforts of the Salem organization.

SERA Payroll Increase Noted

Marion county's SERA payroll to relief workers gained this week for the first time in more than a month. It provides for payment of a total of \$3274.95 to 360 employees. Administrator Glenn C. Niles announced yesterday. Last week's payroll amounted to \$3274.36 divided among 326 workers.

TO DECIDE MRS. WALEY'S FATE TODAY



The jury of ten men and two women which today will be given the case of Mrs. Margaret Waley, accused of participation in the kidnaping of George Weyerhaeuser, following trial under the "Lindbergh" law in federal court at Tacoma.

WALEY CASE GOES TO JURORS TODAY

Instructions Only Detail
Remaining; Pleas Are
Made by Counsel

FEDERAL COURTROOM, Tacoma, Wash., July 12.—(AP)—The jury trying Mrs. Margaret Thulin Waley for the George Weyerhaeuser kidnaping heard her described as a "remorseless woman" by United States District Attorney J. Charles Dennis as he closed the government's case today.

Dennis said she had done nothing "to make life easier" for the nine-year-old Tacoma boy while he was in the kidnapers' hands and "that not once during the trial had she shown any indication of remorse or regret."

Will Instruct Today
When Dennis finished, Judge Edward E. Cushman, before whom the case is being tried, adjourned court until 10 a. m. tomorrow at which time he will deliver his instructions to the jury.

John P. Dore, chief defense counsel, pleaded for the acquittal of Mrs. Waley, giving as reasons her age, the conditions under which she was reared, the asserted threats by William Dainard, under indictment in the kidnaping, and the influence of her husband, Harmon Metz Waley, serving 45 years in McNeil island federal penitentiary after pleading guilty to the kidnaping.

Dore told the jury Mrs. Waley's mentality was less than that of the nine-year-old Tacoma boy for whose kidnaping May 24 she is being tried.

DREYFUSS CASE IS CLOSED BY DEATH

PARIS, July 12.—(AP)—Death tonight wrote the final chapter in the famed, fantastic "Dreyfuss case."

Though nightmares of the four tortured years he spent on Devil's Island for alleged treason to France harried him in his last months, Lieutenant Colonel Alfred Dreyfuss died peacefully, members of his family about him. He was 75 years old.

The bitter, world-wide controversy that Dreyfuss' imprisonment stirred at the turn of the century was in sharp contrast with the almost hermit-like seclusion of his latter years.

Convicted of selling France's military secrets to Germany and held captive on Devil's Island until the storm of protest moved the French president to pardon him, he lived through three tense periods of Franco-German relations—the first, the time of his own case at the turn of the century; the second, the World war in which he served for France; the third, the present dispute over the Reich's rearmament.

LAFKY DENIES HE IS RECALL LEADER

Denying that he is one of the leaders who propose to initiate and manage the proposed recall of Governor Martin, Herman E. Lafky of this city last night declared:

"Portland newspapers Friday carried a story to the effect that I was one of the leaders who propose to initiate and manage the proposed recall of Governor Martin. This is news to me. However, I will state that I am in favor of the recall, will sign such a petition if and when one is presented for my signature.

"I do not favor government by a military dictatorship, whether it be in Italy, Germany, Washington, D. C. or in Oregon. Perhaps my military service in France, during the war, as a buck-private in the 91st division, left me prejudiced against generals. In any event, Governor Martin claims to be the Oregon shining light of the New Deal. If the people of the nation, or of Oregon, had an opportunity to vote, at this time, the entire New Deal would be scrapped."

World News at a Glance

(By The Associated Press.)
Washington: Lobby inquiry hears utilities spent \$300,000 to fight holding company abolition.

Wealth tax program draws organized protests from industry. Hull cites Kellogg peace pact in Italo-Ethiopian pronouncement.

Elimination of banking bill provision permitting banks to underwrite securities predicted; Roosevelt expresses opposition.

Processing tax collections drop \$4,600,000 in May; officials blame lawsuits.

House committee approves bill to outlaw gold clause suits; senate group awaits testimony on credit aspects.

Change of Virginia Islands administration hinted; reported that Governor Pearson will leave.

Domestic: Rapid City, S. D.—Secret inquiry started into collapse of stratosphere balloon.

Chicago—Melvin Purvis, ace gunman who caught Dillinger, resigns.

Granada, Colo.—Flood drowns nine in bed.

Tacoma—Prosecutor charges Mrs. Waley hides behind Mormon religion in Weyerhaeuser kidnaping.

Foreign: Belfast—Riots follow Ulster's celebration of 245th anniversary of battle of Boyne; 2 dead, 40 wounded.

Paris—Croix De Feu members and anti-fascists clash in advance of Bastille Day Sunday.

Yochow—2,000,000 Chinese face death from disease and famine in flood area.

London—Italo-Ethiopian tension abroad seen eased by foreign secretary's temperate speech.

Rome—Italy to investigate arrest of consul's wife in Ethiopia.

Istanbul—Ethiopian emperor reported moving treasure to mountains for safety.

Oil Stove Blast Starts Fire But No One Injured

An oil cookstove explosion set the kitchen on fire at the residence of Mrs. E. B. Copeland, 1906 Center street, shortly after 2 o'clock yesterday afternoon but she escaped injury and the damage was small, city firemen reported. The flames damaged the ceiling and burned a small hole in the roof of the house. Thirty-five gallons of chemicals were required to extinguish the blaze.

An alarm sounded from 335 North Capitol street at 6:15 p. m. yesterday proved to be only a smoke scare, firemen said.

Hop Growers Mourn When Senate Refuses Them Code

Action of the United States senate yesterday in striking hops from the list of commodities in the AAA revision bill temporarily sinks hop growers, Robin Day, Salem attorney, and hop grower who has worked with others for the hop marketing agreement, declared yesterday.

"It simply means that every grower will have to harvest much less than a full crop and government or private financial agencies will have to give enough support or hops will sell below the cost of picking," he declared.

LUTHERAN MEN OF NORTHWEST MEET

Busy Day of Sessions Here
Today to be Followed by
Picnic at Silverton

Lutheran men from all over the northwest will gather in Salem this morning for a two-day convention which it is anticipated will initiate a regional unit of the American Federation of Lutheran Brotherhoods for the Pacific northwest.

The official program lists a full schedule of business for today's sessions, to be held at the American Lutheran church, starting at 10 o'clock with devotional services conducted by Rev. A. W. Nelson of Portland. Dr. H. E. Sandstedt of Chicago will attend all sessions as official representative of the home office of the American Federation of Lutheran Brotherhoods, and will be guest speaker at the convention banquet at 6:30 o'clock tonight in the host church. The women will be guests at this occasion.

Greetings Planned
For Visiting Men
Rev. P. W. Eriksen, host pastor, will deliver the address of welcome at the morning session, and Alf O. Nelson, Silverton, president of the Lutheran Brotherhood of Oregon, will respond. The first business will be the report toward a regional unit, to be presented by Theo G. Nelson, Salem. Others on this committee are G. W. H. Krueger, Oregon City; Casper F. Paulson, Portland; Ju-

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NINE ARE DROWNED IN COLORADO FLOOD

GRANADA, Colo., July 12.—(AP)—Nine persons drowned and \$300,000 property damage was done by a flood that rushed down upon sleeping residents of Granada and nearby farms early today.

The dead, all drowned as they slept in Eder ranch house six miles south of here, were:

Mr. and Mrs. Anton Eder and their 24 year old daughter, Paulina.

Robert Eder, 12; Glenn, 17; Bruce Eder, 8; and Junior, 7.

Mrs. A. Karn, well known ranch woman, and her son, Lea. William Eder, 10, who floated three miles on a log and his sister, Minna, 14, who found herself in a tree without realizing what had occurred, were saved.

The flood came down Wolf and Granada creeks about midnight after a series of cloudbursts near here.

Hope were contracted for following the awing against prohibition. He believes that these high priced hops will be taken in, despite contracts, if dealers can purchase at a greatly lowered price.

Still Big Surplus
There is still a big carryover of 1934 hops on the coast, though Oregon is in a more favorable position than other states, and a fair carryover of hops of good quality. With this heavy carryover, the market on the new crop is bound to sag, even though the quality should be superior to the holdover.

"If a brewer can get the same amount of soft roasting out of two pounds of poor hops that he can out of one pound of good hops, he isn't going to bother to buy better hops at more than twice the price of poor hops. In other words, the carryover is bound to bring the market down without a stabilizing code," Day believes.

WASHINGTON, July 12.—(AP)—Fruits for canning and hops for beer were exempted from marketing agreements under the new farm amendments in changes voted today by the senate.

A day of slow debate on the measure saw most of the big con-

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RIOTERS FINALLY QUELLED

Four-Hour Battle Waged in
Tacoma Streets by Strike
Sympathizers, Guards-
men; Many Are Injured

Tear Gas Seeps Into Court
Room Where Waley Trial
Goes on; Bayonets Used
In Driving Mob Back

TACOMA, Wash., July 12.—(AP)—Four hours of street fighting, in which a national guard truck was burned and guardsmen used tear gas, drawn bayonets and staves to quell a demonstration of 1,000 lumber strikers and their sympathizers, ended near midnight tonight.

Upwards of 30 arrests were made and minor injuries inflicted upon scores of persons.

The demonstrators, who had assembled at about 3:30 p. m. in an attempt to push by a national guardsmen and parade across the 11th street bridge into the lumber district, were finally dispersed, eight blocks away, up a hill through the main business district.

At the height of the battling, tear gas and nauseous gas bombs were hurled back and forth, and 50 guardsmen advanced with bayonets, slowly pushing back the crowd. At the start of the rioting, the truck was burned, the cause of a fire not known.

More Troops Are
Called From Olympia
National guard reinforcements were summoned from Olympia. Those in action were three companies from Spokane, first battalion, 161st infantry.

Many of the strikers and sympathizers waved American flags in the face of the guardsmen as they retreated, shouted bores and yells, such as "why don't you go home, so we can get back to work," were hurled at the troops. As the melee continued, a large number of small American flags appeared.

The demonstration began as the Weyerhaeuser-Waley trial was nearing the end of the day's session at the federal building. Later the gas permeated through the building and other structures.

Landmark on State Street Coming Down

The William Brown home at 590 State street, an old landmark, has been sold to Jack Leach for wrecking purposes, with orders to raise the structure as quickly as possible. A crew of men is already at work. The house, in its early day one of the most pretentious homes in the city, contains 18 rooms.

Another residence belonging to Brown, located west and adjacent to the structure now under the ax, was razed several months ago. Relatives at that time stated the house was being torn down to reduce taxes, inasmuch as rentals did not reach a figure sufficient to offset expenses.

Rumors current when the first house was torn down that a service station was to go in the location have been revived with raising of the corner structure, but no confirmation has been given.

AMERICAN FLIERS TO HELP ETHIOPIA

GRASSE, France, July 12.—(AP)—Twelve American fliers, named for "plenty of promotions and operations," were reported today ready to fight for Ethiopia against Italy.

Hal Du Barrier, former American commercial flier, who announced he had recruited the dozen aviators for service in the African empire, explained:

"We are willing to fight for an ideal. The Ethiopian authorities assured me there would be plenty of promotions and decorations."

Disclosing that Major Granville Pollock, veteran of famed Lafayette Escadrille, was helping him form the nucleus of an Ethiopian air corps, Du Barrier said he hoped the party would be "greatly strengthened" in Egypt.