

# Oil Lease Men Face Charges

### Nearly two Million Said Collected by Firms in Washington

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royalty payments to Gail Matthews, Ephrata abstractor, and owners of the property, when and if oil was discovered.

These leases, it is alleged, were then turned over to the newly organized development company, a Washington corporation, which gave a \$65,000 note in payment and in turn sold them to the Peoples Gas and Oil corporation for a \$65,000 note. The government alleges neither of the notes was ever paid. The Peoples Gas and Oil company was then hired to sell the leases, which were subdivided and sold, according to the indictment, for from \$10 to \$35 an acre.

These lease sales, it is further alleged, resulted in gross income of nearly \$2,000,000 to the sales company prior to June 1, 1937, when the officers embarked on a new plan, whereby lease-holders, or those who had traded their leases for stock in the development company, were to be given an opportunity to buy \$2,500,000 worth of "participated certificates," proceeds of which were supposedly to be used in further development of the company.

### Dividends, Large Salaries Are Paid

The government charged most of the money collected was dissipated; \$450,000 being paid out in dividends to stockholders of the Peoples Gas and Oil company, whose securities were never offered to the public, and other amounts going for large salaries.

The fraud charges included allegations that the companies' literature claimed leases were held adjacent to the profitable Rattlesnake Hills district, whereas no such leases were held, and charges that the company claimed to have found oil bearing gas in the Frenchman hills operations when nothing had been found.

The Peoples Gas and Oil company did not operate in Oregon, said J. H. Hazlett, corporation commissioner, last night.

Other organizations selling blocks of land in Harney county for oil speculation came under sharp criticism by the commissioner recently. Federal agencies are reported as having these concerns under scrutiny.

# Bodies of 19 Recovered From Wrecked Airliner



Above, picture taken from the air of wreckage of the "Mainline" airliner which crashed on the side of Chalk Peak near the Wyoming-Utah border Sunday. Right wing was broken off, folded back and lay parallel with the fuselage. The left wing was sheared off. Lower picture shows the tail, all that remained intact. The bodies of the 19 victims were taken to Evanston, Wyo., mortuaries. Their deaths made it the most costly air crash ever to occur in the United States.—IN photos.

# State Medical Session Opens

### Address of Dr. Bauer at Service Club Luncheon Is Highlight Today

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meeting at the Marion. Dr. Bauer will speak before the state society auxiliary at 1 p. m. today and at the convention banquet at 6:30 p. m. Friday.

Dr. Lester Reynold Dragstedt, professor of surgery at the University of Chicago, another of the guest speakers, will give talks at 2 and 7:30 p. m. today.

The third guest speaker, Dr. Fuller Albright, associate in medicine, Harvard university medical school, will also speak at 2 o'clock this afternoon.

On the first of a series of tours of state institutions, the visiting doctors will inspect the state penitentiary at 1:30 p. m. today.

The convention will last until 2 p. m. Saturday, with discussion groups meeting every hour throughout each day.

Dr. W. W. Baum of Salem is general chairman on convention arrangements.

# Egg With Three Yolks Is Found; Also two in one

LYONS—Freak eggs produced by the hens of a White Leghorn flock at the J. H. Johnston farm are a new experience of Mrs. Johnston, who has never found such peculiar eggs in her 30 years of poultry raising.

One extra large egg, 5 1/4 by 6 1/4 inches, contained three normal size yolks. Another egg, not so large, contained a yolk of normal size and also a soft shell egg somewhat under size.

# Water Resources Will Be Surveyed

### State Planning Board to Gather Data on West Columbia Basin

PORTLAND, Ore., Oct. 20—(AP)—Ormond R. Bean, chairman of the Oregon state planning board, announced today appointment of a sub-committee of the Pacific Northwest regional basin committee to compile data on the use and conservation of water resources of the Columbia basin west of the Cascades.

Oregon members include C. E. Stricklin, state engineer; O. Arnsperger, secretary of the Medford irrigation district; John Cunningham, Portland civil engineer; Carl E. Green, sanitary engineer for the state board of health; Grace Kent Magruder, Clatskanie; C. A. Mockmore, head of the department of civil engineering of Oregon State college, and W. L. Powers, OSC soil scientist.

Representatives of federal agencies include Major Theron D. Weaver, US engineers department; H. J. Andrews, US forest service; G. H. Cantfield, US geological survey; W. A. Rockle, US soil conservation service; J. A. Cralg, US bureau of fisheries, and B. E. Stoutmeyer, US bureau of reclamation.

# Grange Elects Farr as Chief

### Courthouse Is Discussed but no Action Taken; Ross Is Endorsed

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al plots in the Silverton Hills area.

Short talks were made by M. C. Glover, Clackamas county; G. H. Bailey, Washington county; Sam Brown, Gervais; and Herman Laflay, Salem. A short skit by Union Hill grange on "Cooking Prunes," enlivened the early afternoon session.

Pomona will meet at Turner the third Wednesday in January and the next grange council will be held at Turner December 8, following the state grange conference at Fairfield December 3.

Five candidates were obligated in the fifth degree: Mrs. Leona Henderson, Ankeny; Mrs. Marion Fischer, Union Hill; Mrs. Carrie Townsend, Union Hill; Mrs. Lettie Barker, Macleay; Mrs. Gertrude Anderson, Silverton Hills.

No discussion developed on the grange floor over the recent secret caucus aimed at overthrow of the Gill power in the state grange.

# Industrial Arts Teachers Gather

### Teachers of Industrial art and vocational agriculture as well as school principals and board members from nearby points met at the new Salem senior high school last night as the Willamette Valley Vocational association held its first meeting of the fall with 100 present.

Following a banquet in the cafeteria, the group toured the new building and shop. Roy Foster, new instructor at Parrish Junior high, spoke on "Recent Developments in Industrial Art," and Superintendent Silas Gaiser of the Salem schools on "The Place of Practical Arts in Modern School Curriculum."

The next meeting of the group will be December 2 at Eugene. C. A. Gudertan of Salem is president, and Maurice Bullard, Salem, secretary of the association.

# Breakfast Club's Session at Quelle

"Frosty" Olson announced last night that the Breakfast club would convene tomorrow morning after a week's carry-over. The scene of the booster club's activities will this week shift to the Quelle restaurant as the Marion hotel is full up for the balance of this week. If the Whittier team arrives in Salem in time, which is likely, it is hoped to have Coach Newman in attendance at tomorrow morning's festivities.

# Election Ordered At Inman-Poulsen

PORTLAND, Oct. 20—(AP)—Officials of the Inman-Poulsen Lumber company plant, currently picketed by both AFL and CIO unions, said today it would hold an election among its employees with a view of reopening "in the very near future."

The plant, which ceased sawing last month as a result of a boycott and picketing by the AFL, saw a walkout yesterday of a few remaining CIO workmen, when CIO officials charged the

# Grocers Feted by Bakers of Salem

More than 200 grocers of Salem and vicinity were guests of the several baking companies in this city at a reception Wednesday night in the recreation room at the Cherry City bakery.

Motion pictures of special interest to grocers were exhibited and other entertainment was provided. Later a buffet luncheon was enjoyed.

# Parley Invitation Studied at Tokyo

TOKYO, Oct. 21—(Thursday)—Japan today received a formal invitation to the nine-power treaty conference in Brussels October 20 called to seek solution of the Chinese-Japanese conflict.

Foreign office sources disclosed conferences have been in progress to determine Japan's attitude toward the invitation. It was said Foreign Minister Koki Hirota had discussed the matter with the Italian ambassador.

(A foreign office spokesman October 17 said that Japan had received an "informal" conference bid. Press and other Japanese opinion has been divided on whether Japan should participate in the meeting.)

Reliable sources asserted Japan would be unable to accept the invitation.

# Opposition Looms For FR Program

ALBANY, Oct. 20—(AP)—Congressman James W. Mott, addressing the chamber of commerce here today, predicted that the administration program would meet opposition in the special session of congress as effective as that which stopped the supreme court bill at the recent regular session.

The court bill, administrative reorganization, and wages and hours legislation unless re-written all will be in for tough sledding if they come before the special session, Mott asserted.

The major debate, he predicted, will be over the crop control measure, in view of what he said was the agricultural committee's determination to write its own bill.

# Fish Scooped up In Drained Canal

BEND, Oct. 20—(AP)—Scores of men, women and children scooped fish from irrigation canals today in response to an appeal from state game officials for central Oregon residents to aid in salvaging the fish facing death in rapidly drying pools.

Charles A. Lockwood, assistant state game supervisor, said the fish found their way from the Deschutes river into a big irrigation ditch near Bend, the entrance of the canal being improperly screened.

# Perfecting Stable System Said Goal

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been a caustic critic of many Roosevelt policies.

Glass, seated behind the president with high government officials, smiled broadly.

Throughout Roosevelt's talk ran a re-statement of general objective, described today in these words:

"To gain for all of our people the greatest attainable measure of economic well being, the largest degree of economic security and stability."

# McWhorter Assigned

WASHINGTON, Oct. 20—(AP)—The federal power commission named Roger B. McWhorter, chief of its engineering bureau, as its representative on the Bonneville advisory board.

# The Call Board

- GRAND
Today—Warner Baxter, Loretta Young and Virginia Bruce in "Wife, Doctor and Nurse."
1:15, 3:21, 5:28, 7:35, 9:42.
Saturday—Charlie Chan on "Broadway" with Warner Oland.
- STATE
Today—"Last Train From Madrid" with Dorothy Lamour, Lew Ayres and Karen Morley and four big acts vaudeville starring Inez Graham.
- HOLLYWOOD
Today—Double bill, May Robson in "Woman in Distress" and "Rhythm in the Clouds" with Warren Hull and Patricia Ellis.
Friday—Double bill, "Reckless Ranger" with Bob Allen and "I Cover the War" with John Wayne.
- ELSINORE
Today—Double bill, Edward Arnold in "Easy Living" and "Escape by Night" with all star cast.
- CAPITOL
Today—Double bill, Johnny "Seal" Davis in "Over the Goal" and Gene Autry in "Boots and Saddles."

# Belligerent Right Demands Dropped

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surgents and the government in Spain. The subcommittee will meet tomorrow afternoon to establish this point definitely.

2. A committee will go to Spain to report on the numbers of volunteers and a system for their evacuation.

3. Complete evacuation to be undertaken.

4. An independent authority, probably the nonintervention committee, to decide the moment when belligerent rights should be granted.

# Damage by Rains In East Is Heavy

(By The Associated Press)  
Heavy flood damage was reported yesterday in the wake of dousing rains across the eastern half of the nation.

Some sources estimated the losses, concentrated in southern Virginia and northern North Carolina, might reach several million dollars.

Swollen streams washed out bridges and lowland crops and inundated portions of several Virginia communities.

One drowning was recorded near Buckhorn, Va. A 24-hour downpour sent mountain streams on a rampage in North Carolina.

# Double Features Deemed Harmful To Film Industry

PORTLAND, Oct. 20—(AP)—Those movie fans who deplore the double feature epidemic have the sympathy of nearly every theatre operator, Ed Kaykendall, president of the Motion Pictures Theatre Owners of America, declared here today.

He predicted that the "curse" would soon be lifted and that fewer bad better pictures, enjoying longer runs, would become the rule.

"We deplore the double feature system and realize it is bad for the show business," he said. "The original idea was to offset the competition of a theatre with a stage show, but it has spread like an influenza epidemic and now almost every operator has to present the double-barrelled program."

# Japanese Advance Denied by Chinese

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that Japanese were withdrawing in Shantung province, the eastern route of their southward drive. Chinese reports from Shantung said Gen. Han Fu-Chu's provincial forces have retaken lost positions near Tschow on the Tientsin-Pukow railroad without heavy fighting.

EUGENE, Oct. 20—(AP)—The ten commandments—and one in particular, "Thou shalt not steal"—must have been brought abruptly to the notice of the person or persons who broke into a parked auto here last night.

The machine was parked in front of the local Christian church. Thieves took a brief case from the car and must have been surprised, police officials said, to find nothing more than a Bible inside.

# Iron Lung Drive Is Nearing Goal

EUGENE, Oct. 20—(AP)—Eugene's iron lung drive fund reached a high of \$4326 today, with over \$400 additional in pledges still to be collected. The mark drive officials hope to reach is \$5000.

# Stocks Climb as Trends Reversed

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urday, and \$3.40 above yesterday—the largest gain since the \$4.10 advance in the averages on March 15, 1933.

After appraising the rapid recovery in the stock market yesterday, brokers, bankers and industrialists quickly advanced the belief the wave of fear, which spread over the exchange Monday and early Tuesday, had disappeared. After such a selling wave experienced in recent days, the opinion was general that prices were attractive to many buyers.

It was reported considerable institutional buying was put through—that is, corporations buying their own stock.

# Courthouse Issue Will Be Outlined

Plans to inform Marion county voters of the nature of the courthouse construction program to be voted on at the November 2 special election were discussed at a civic leaders' committee meeting here last night. Under the name of the Marion County Courthouse committee, the group will arrange to have the four questions on the special ballot explained to the general public.

The first of the four ballot questions is on authorizing the county court to build the new courthouse. The other three provide means for financing the program over a six-year period.

# Truce Announced, Longshore Strike

TAMPA, Fla., Oct. 21—(Thursday)—(AP)—V. E. Townsend, southern representative of the international longshoremen's union, said a truce would become effective "some time today" which will return 800 striking longshoremen to their jobs in southeastern seaports.

The truce will end temporarily a six-day-old waterfront strike pending final negotiations for its settlement.

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