

Long-Standing Jury 'Retires'

Urges Competent Audit in Report; County Court Beats It to Draw

(Continued from page 1)

W. Brasler confirmed the court's statement that the jury had cleaned up all matters before it, apparently indicating that investigation of the George D. Chaffee city jail death was being left for the new grand jury.

"The moral courage you members of the grand jury have shown has been commendable," Judge McMahan told them. "You have made your decisions honestly and without allowing politics to enter in, although it has been hard to do so at times."

Judge McMahan said no other grand jury in Oregon had ever served as long as the one he was dismissing.

The report follows, omitting only the section quoting the law with respect to audits:

"We, the members of the present Marion county grand jury, wish to call the attention of the Marion county court to certain matters through this report handed you.

"Within a few days it will be time for the county court to order the annual audit of the various offices in Marion county as provided by section 27-501, Oregon code for 1930."

"After the audits had been completed last year, they were examined by the grand jury and found to be inaccurate, incomplete and without value to the offices audited. At that time we made a report on our findings."

"However, following this report very shortly an audit of the books of the various school districts was ordered with full knowledge of the county court and was made in the same incomplete manner."

"We would call the attention of the county court to the results of audits recently made in two

of our neighboring counties by state division auditors. Their findings showed discrepancies that had accumulated over a long period of time and of such a grave nature that grand jury action was necessitated.

"We feel that this should merit enough attention from the Marion county court that they would realize even more fully the necessity of an audit that was accurate, detailed and summarized, and with recommendations to the various offices that would assure more accuracy in the future."

"We note that the current budget allocates only \$1,000 for the annual audit, and considering that this work has never been completed and accurately done, and summaries made of findings, it would seem that the county court does not intend to order an audit that will be sufficient to uncover any errors and provide for better future methods."

"We, as a grand jury, would recommend to the Marion county court, that the state department of audits be employed to prepare the current audits; it being known that they are qualified by training and experience to prepare a record that will prove of real value to the offices and will further make available to any taxpayer an accurate statement of the conditions in public county offices."

Exterior Almost Finished, Capitol

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otten a start on placing the door trim and other work which goes into the interior finish.

The total appropriation for the building is \$2,500,000. It was authorized at a special session of the legislature to replace the capitol burned April 25, 1935. The architects are Trowbridge & Livingston and Francis Keally, associate of New York, with Whitehouse & Church, Portland, associate architects. The work is done under authority of the state capital reconstruction commission, J. A. McLean, of Eugene chairman, and Alton J. Bassett, Portland, secretary.

The capitol is erected in cooperation with the public works administration, which provides 45 per cent of the cost of the work. It will be completed without any bond issue on the part of the state, the payments being met with the money available under the state budget.

"The show at the Army was so vile that it merits further consideration. This show was held in the Salem Armory—a state owned building—and held under local sponsorship."

"There were between 250 and 400 men present at this show, which was open to the public. The Armory is in the business district of Salem. It is on a beat patrolled 24 hours a day by the Salem City Police, yet the police filed no reports and caused no arrests."

"Presumably members of the local police force were patrolling the Armory, as is the case in all functions held there. It is not reasonable to think that this show could have run for two hours; that tickets could have been sold on the street corners at \$1.50 each for days in advance, and the matter be unknown to the officers."

"There was no mention made at the time in either of the Salem daily papers of this affair, although the public feels that it is one of the first duties of newspapers to be alert to the moral needs of a city, and by honest publicity make known and help correct any grave condition that might arise. With the organization that a city newspaper has, it is not possible to think that they did not know of this show and we feel they were remiss in ignoring it."

"The grand jury was handicapped in developing this case by the lack of cooperation and interest on the part of local officers and officials."

"This being all true, there is only one force that can correct this condition and prevent its repetition, and that is public opinion. It is up to the religious and civic leaders of Marion county to be alert to these conditions and to insist on strict law enforcement, vigorous prosecution of law violations, and honest accounting of events material to our moral standards in the daily newspapers."

Obscene Show Blame Placed

Public Officials, Salem Newspapers, Leading Citizens Blamed

(Continued from page 1)

have had under investigation over a period of several weeks, certain phases of vice, more specifically the type of entertainment being offered at some 'stag' parties.

"Our investigation has shown that this form of entertainment has progressed through several stages, culminating in a show recently held at the Salem armory. Our information is that the first public appearance of any 'off color' entertainment was a 'fan dancer' offered at Silverton."

"There was nothing really seriously wrong about this, but when a prominent Salem booster organization held their next annual meeting at a reputable local hotel the dancer was there, without the fans."

"Becoming more confident, a group of local men staged a party in a public hall a few miles outside the city limits of Salem and within Marion county, and had four dancers in the nude."

"Within a few days of this, a show was put on at the Salem Armory, that had seven nude dancers and offered in addition several reels of pictures depicting actual scenes of sexual perversion. This show was in direct violation of Section 14-729, Oregon Code for 1930."

"The progress noted here is only natural; only what can be expected when officials, newspapers and leading citizens are passive or openly welcome this type of entertainment. It is this indifference, this lack of interest in the moral welfare of Marion county that seems to us most serious."

"The show at the Army was so vile that it merits further consideration. This show was held in the Salem Armory—a state owned building—and held under local sponsorship."

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Five Infants Die In Hospital Ward

CHICAGO, Dec. 31.—(AP)—Two maternity wards in the vast Cook county hospital were closed today in the wake of the deaths of five infants.

It was decided to close two of the three wards at the county hospital after attending physicians attributed three of the deaths to an "infectious diarrhoea." But Dr. Herman N. Burdese, president of the Chicago board of health, said autopsies showed they had succumbed to bronchial pneumonia. The fourth tiny victim had scarlet fever and the fifth exhibited symptoms of jaundice.

Orderly but Gay Celebration Held

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new year reached different time zones.

New York saluted 1938 with traditional gaiety, with a throng jamming Times square and jubilant crowds celebrating in restaurants and brightly-lit night clubs.

SHANGHAI — The new year dawned at 11 a.m. (EST) Friday, in gloomy contrast to former happy celebrations of "The Paris of the Orient." The U. S. flag-ship Augusta and other foreign warships tugged silently at their moorings on the muddy Whangpoo. The usual curfew was suspended, but there was little revelry, in Chantung and Chekiang provinces. Japan's army continued its advance.

TOKYO — The new year dawned at 10 a.m. (EST) Friday. Japanese ministers, in their new year greetings to the nation, said cultivation of United States friendship would be a cardinal policy of 1938. The premier said Japan would resist those nations favoring maintenance of present world status, but hoped to pursue a peaceful course nevertheless.

LONDON — English men and English women hailed 1938 as a year of freedom for the unhappily married. The new liberalized divorce law, which the humorist A. P. Herbert hammered through parliament, became effective with the new year, and thousands of applications for divorce were ready.

BERLIN — Adolf Hitler, in a new year's message to Germany, declared increase of the nation's armament would be a task for 1938. "We will be able only as a strong nation," he said, "to preserve the previous peace."

SHANGHAI, Jan. 1.—(Saturday)—Japan's war machine rolled on in Shantung and Chekiang provinces today as its airforce concentrated on a campaign to paralyze that half of China's railway system still in Chinese hands.

Tsingtao, great port of Shantung, became a governmental no-man's land, with foreigners and non-official Chinese uniting in efforts to curb a budding reign of terror. Its Chinese officials and garrison had fled; a Japanese army reported approaching rapidly from the west had not arrived.

Meager dispatches from Shantung indicated Japanese armies were driving eastward along the Tsinan-Tsingtao railway and southward on the Tientsin-Pukow line with little resistance.

Some 200 Americans remained in Tsingtao, with two United States warships standing by in the harbor for their protection.

Rieder Chosen Aide to Agent

Entomologist Will Work With Agriculturist, Is Announcement

(Continued from page 1)

the selection of a person of recent scientific training in control of pests and disease of horticultural crops.

In accordance with the grower's plan, financial assistance has been obtained from the extension service of the state college, thus providing this increased service at no increased cost to the county. The assistant county agent will conduct most of the horticultural extension work to be offered through the office of County Agent Riches. Mr. Rieder will have his office with the county agent as recommended by the Pomona Grange and others, and in addition to giving major attention to horticultural work, including disease and pest control, pruning, fertilization and other problems, will be in charge of all county horticultural inspection service.

The committee appointed to advise with the court in connection with the selection of the county horticultural inspector included J. O. Farr, representing the Grange; George Potts, Farmers Union; George Tate, Stayton Cooperative Cannery; Robert Shlan, Berry Growers association; Harry Huggill, Hubbard Berry Growers association; Adolph Heater, strawberry growers; Howard Butterfield, bulb growers; Earl Houseweart, nurserymen; Ernest Werner, Farmers Union; Frank Hrubetz, loganberry growers; John Ramage, Woodburn fruit growers; Ray Glatt, hop growers.

December helped set the record by bringing 13.40 inches of rain, or the third highest amount for that month on record. The heaviest December precipitation was 17.54 inches, in 1933, with 1917 following second with 14.03 inches. The driest December, with only .63 inch of rain, occurred in 1929.

Rainfall month by month in 1937 was as follows:

Table with 2 columns: Month, Inches. January 6.17, February 10.36, March 3.19, April 7.68, May 1.64, June 4.61, July .13, August .71, September .91, October 2.41, November 11.13, December 13.60, Total 63.54

caused the death of an eight-year-old boy, and how even before the Faulding killing, he attempted an amorous conquest of a pretty, 21-year-old nurse, slugging her almost unconscious.

They told how Robert Horne, 24, relieved the nightmarish situation on Christmas eve by bashing Morgan's head in with a mallet and how Horne and another amateur crewman dumped Morgan into shark-infested waters off the Mexican west coast.

Federal authorities filed murder charges against Horne and his companion, George Spornak, 19, but indicated the prosecution, if any, would be perfunctory.

Assuming Morgan had plunged to his doom, federal agents charged Horne and Spornak with causing his death by drowning.

American Writer Killed at Teruel

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lived the last 14 years in Paris and now is in New York.

The other victim was E. R. S. Sheephanks, a correspondent of Reuters (British news agency).

The first information of the tragedy was received direct from insurgent headquarters in Iru early today by Geoffrey Thompson, charge d'affaires in the British embassy in Hendaye, who resides in St. Jean-De-Luz.

Thompson said he was informed that Neil, who has been covering the Spanish insurgent campaign since late last May, suffered leg wounds but not seriously hurt.

Terrorist Hurls Bombs, Shanghai

SHANGHAI, Jan. 1.—(Saturday)—Three Japanese gendarmes were injured today when a Chinese terrorist hurled five hand grenades in the heart of the international settlement.

The grenadier threw the explosives at the intersection of Fukiien and Hankow roads. A Chinese woman also was injured.

Settlement police immediately surrounded the district.

Halt on Subsidy Is Disappointing

Governor Charles H. Martin expressed regret yesterday when informed that the agricultural adjustment administration had refused to continue the flax subsidy in Oregon in 1938.

"I am astonished," Governor Martin said, "especially in view of the showing made here on the occasion of Dr. Farrell's visit to Oregon several months ago."

The governor promised his "full cooperation" with any further efforts made by Senator McNary or the flax growers to get the industry on a more substantial basis.

The flax growers of Oregon received subsidies aggregating \$30,000 in 1937.

Rainfall Record Broken in Salem

The year 1937 brought more rainfall than any other since precipitation record keeping was begun in 1892, a study of the monthly totals revealed last night.

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Home Building in 1937 Shows Gain

(Continued from page 1)

against 334 erected in 1937 at a valuation of \$949,478.

Residential structures showed the marked increase, with 190 being erected last year at a \$436,761 cost, to 151 built in 1937 at a cost of \$345,096.

January proved to be 1937's largest building month in valuation, \$287,259, and its lowest in number of permits issued, 42, just as February was 1937's month of largest cost valuation, \$406,684, and lowest permit month with 46 issued.

August of 1936 showed the largest building activity in number of permits, with 149, while September was the high of 1937 with 143.

If the state had allowed the city building department to write a permit for the new \$2,500,000 capital building, according to City Building Inspector E. C. Bushnell, a new record in city building would have been reached during the past year. Being a state structure, although built within the city limits, the valuation of the capitol building was not allowed on the city building books.

Wall Street Trio Face Suspension

WASHINGTON, Dec. 31.—(AP)—The securities commission ordered three men today to explain why they should not be suspended or expelled from membership in the New York and other stock exchanges for alleged manipulation of the market.

The show cause order was directed against Gerald M. Loeb and Gordon B. Cray, both as individuals and as partners in the firm of E. F. Hutton & Company, and H. Terry Morrison.

Johnson Service Today

CORVALLIS, Dec. 31.—Funeral services for Dr. W. T. Johnson, Oregon State college poultry pathologist who died Wednesday, will be held tomorrow.

Grant Teacher Is Officer of Group

Mrs. P. M. Gregory, teacher at Grant grade school here, was elected vice-president of the state teachers' classroom branch of the state teachers' association at the instructors' annual convention in Portland this week, according to word received here yesterday. The election was understood to be in part recognition of project work conducted by Mrs. Gregory in her classroom here.

Superintendent Silas Gaiser of Salem was elected president of the teachers' association.

Roosevelt Orders Silver Price Cut

WASHINGTON, Dec. 31.—(AP)—President Roosevelt slashed the price of silver mined in the United States from 77.57 to \$4.64 cents per ounce tonight.

The reduction affected silver-mines and many other kinds of metal mines which produce silver as a by-product in a dozen western states. These mines employ approximately 400,000 persons.

Western congressmen who had been confident that the price, unchanged since April 24, 1935, would not be modified, had declared that a lower price would make operation of many mines unprofitable.

The action raised doubts about the world price of silver, which has been virtually dictated by the United States treasury for the last three years and has been steady at 45 cents per ounce for the year.

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HOME OWNED HOLLYWOOD 15 TODAY & SATURDAY 2 FEATURE LAST TIMES TODAY Continuous Today 2 to 11 P.M.

BULLDOG DRUMMOND COMES BACK A Paramount Picture And 2nd Feature

Hopalong Cassidy AGAIN WILLIAM BOYD

Also - Silly Symphony Cartoon, "Cookie Carnival," News and Serial, "Secret Agent No. 9"

HOLLYWOOD 15 Coming Sunday Continuous Sunday 2 - 11 P. M. The New Laugh Hit by the author of "My Man Godfrey"!

HAL ROACH presents Comedian BENNETT CARROLL with CAROL GRANT TOPPER

Last Times Today VAUDEVILLE

Sammy White Comedy Star of "Show Boat" Lynn Mayberry Mistress of Mirth

Marjorie Raymond Hollywood's New Dance "Find" Masters & Grayce "A Picnic for the Pixies"

ON THE SCREEN WHEELER WOOLSEY "On Again, Off Again" OUL SHOW

Come in at 10:00 and stay thru for advance showing of our SUNDAY SHOW with NEMIE TYPAGE POWER

NEW STATE SALEM'S STAR THEATRE

HAPPY NEW YEAR

START THE NEW YEAR WITH A NEW WAY TO LAUGH!

JACK HALEY BOY MEETS ANN SOUTHERN GIRL

THEN-- Boy Meets Girl's Family

MARY BOLAND 1 Ma who enjoys chat with boy in bathtub. ETIENNE GIRARDOT 1 Pa A scientist who has misplaced his brains. WALTER CATLETT 1 Uncle A philatelist worth his weight in cancelled stamps. JOHN CARRADINE 1 Bro. A surrealist painter looking on the love life of a cup and saucer. THE PIXILATED SISTERS 2 Aunts Flitty and Patteny. EDWARD EVERETT HORTON 1 Fiance Not yet in the family.

DANGER-LOVE AT WORK

A Hit for 1938

GRAND Also The Sinking of the Panay CONTINUOUS SHOW DAILY

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EL SINORE STARTS TODAY Star Studded Triple Hit Show It's a Great Life!! It's a Gay Love!! Claudette COLBERT Charles BOYER "TOVARICH" (Pronounced "Too-ov-reech" but definitely RICH!) "...tonight's our night!" Happy New Year! HERE'S THE FIRST OF 1938'S TEN BEST PICTURES! BASIL RATHBONE ANITA LOUISE WALTER CATLETT - MARIE FRANK Marie Curiosity - Marie Frank An Adventure LITVA - FRANK A WARMS IDEAL PICTURE Screen Play by Cary Robinson - Adapted from the Play by Jacques Deval - English Version by Robert E. Sherwood - Music by Max Baer Plus Second Hit Feature

Thoroughbreds DON'T CRY with JUDY GARLAND MICKEY ROONEY Added Attraction—

EDGAR BERGEN and CHARLIE MCCARTHY in "FREE AND EASY" FIRST PICTURES

Bombing of the Panay

Art Certificate No 66 This Certificate entitles you to one week's Set of Four Pictures upon payment of only 39c (46c if by mail).

IMPORTANT Be sure to order Set No. 1—if you have that or subsequent sets, order the next numbered Set of Four.

BOMBING OF THE PANAY

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