

# Testimony in FHA Loan Probe Points To Bribe-Seeking

WASHINGTON (AP)—Charges of bribe-seeking and possible corruption in getting FHA loan insurance were aired Tuesday amid testimony that 1,149 apartment builders reaped more than \$5 million dollars in quick profits from their operations.

No names were mentioned in testimony at twin hearings by the Senate Banking Committee and the Joint Committee on Reduction of Non-Essential Federal Expenditures headed by Sen. Byrd (D-Va.).

Albert M. Cole, head of the Housing and Home Finance Agency (HHFA) told the Banking Committee headed by Sen. Capehart (R-Ind.) that one FHA official was permitted to resign while investigators were looking into reports that he had been "gambling in large amounts" and "demanding money from people for the purpose of securing commitments from the FHA."

**Corruption Indicated**

Before the Byrd group, Internal Revenue Commissioner T. Coleman Andrews said there was one situation in which "we think there was corruption in appraising the cost of a project to get an FHA loan guarantee. He gave no details.

Andrews also testified about the \$5 million dollar profit which he said came "almost entirely from the difference between amounts borrowed and amounts spent" on the 1,149 projects. The loans totaled \$1,219,674,000, he said.

The Revenue Service is investigating 1,819 such cases, he said, but he presented a statistical summary only for the smaller number.

Byrd mentioned one project, Glen Oaks Village in Queens County, N. Y., and said loans on it totaled 24 millions although it was built for 20 millions. Andrews said not all the loans on that project were FHA insured, however. He said there appeared to be no fraud in that case, either civil or criminal, because the builders had fully disclosed their income in tax returns.

**Rents Higher**

Byrd said he understood rents in the Glen Oaks project were "15, or 20 or 25 per cent higher" because of the size of the loan.

Cole told the Banking Committee he would recommend within a week ways of closing loopholes to "tighten up the organization, the programs and the procedures" of housing legislation.

Capehart asked the recommendations to permit the committee to proceed with work on a general housing bill now before it. Some have expressed fear that the current housing probe might interfere with passage of the new housing program asked by President Eisenhower.

Both the Capehart and Byrd committees ordered public hearings after the administration announced last week it was accepting the resignation of FHA Commissioner Guy T. O. Hollyday and making its own probe.

**Asked Resignation**

Cole said he asked the White House to obtain Hollyday's resignation because of FHA's laxity in investigating and punishing alleged frauds and abuses. He criticized Hollyday for accepting, with a "laudatory letter," the resignation of the unnamed official who was under suspicion of gambling and demanding money.

He said he discussed the case with Hollyday in July, 1953, and "suggested that since this person had important decisions to make as to whether one company or another should get an FHA commitment, there should be an investigation made."

Cole insisted that he himself had no authority to discharge the man or to force FHA to take any such action.

# Roosevelt's Wife Rejects Settlement

LOS ANGELES (AP)—James Roosevelt's estranged wife, Romelle, Tuesday rejected his compromise offer of a divorce and property settlement, labeling it "just another publicity stunt."

Arthur E. Schifferman, her attorney, said the move "is designed to attempt to prejudice the court and to arouse public opinion and sympathy in Mr. Roosevelt's behalf. Apparently Mr. Roosevelt prefers to make emotional appeals to public opinion rather than to leave this matter for judicial determination."

The attorney said that while Roosevelt's desire for a divorce is not new, his wife never has wanted one. "She filed her action for separate maintenance and she sees no reason for becoming a party to any collusive divorce arrangement."

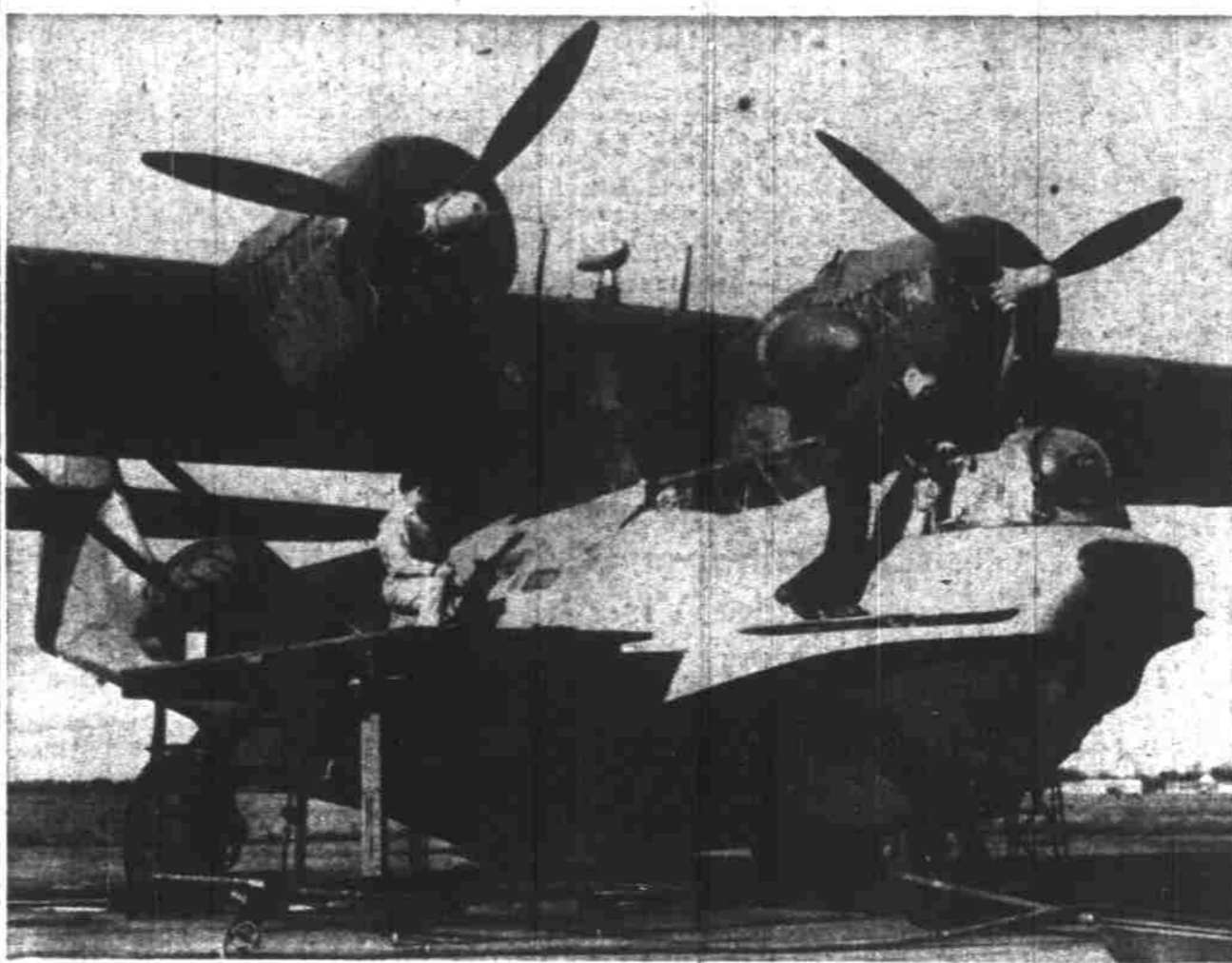
Roosevelt, who is running for Congress, Monday made the property settlement and divorce offer in filing notice in Pasadena Superior Court that he will petition on April 30 for permission to amend his separate maintenance suit to ask for a divorce instead.

The filings quote a letter between the opposing attorneys indicating that Mrs. Roosevelt also will ask for divorce on grounds of unspecified cruelty, dropping allegations of adultery, which Roosevelt has denied.

In essence, Roosevelt offered half his holdings and net income to Mrs. Roosevelt and their three children. The offer is similar to one contained in a 1945 letter to her he signed. However, Roosevelt, who is seeking the Democratic nomination in the 26th Congressional District, insists that letter is not a binding contract.

Roosevelt is under court order to pay his wife \$1,025 a month temporary support. She had sought \$3,500.

# Huge Airplanes to Serve as Sprayers



Leo "Ace" Demers, Salem crop duster and sprayer who is one of the few men in the nation using multi-engine airplanes as sprayers, has recently purchased two huge Navy PB-17 airplanes to use as sprayers this season. One of the unusual looking craft is shown above being inspected by Demers' two sons, Leo Jr., and James. In addition to the PB-17's, Demers has three twin-engine B-18's, all based at the Salem airport. (Statesman photo.)

# 3 Sources of Oregon Road Funds Decline

Three of four sources of state highway revenues showed a decrease for the first quarter of this year, Secretary of State Earl T. Newberry reported Tuesday.

The gasoline tax, motor carrier fees, and fines for traffic violations were below collections for 1953. Motor vehicle registrations were the only source of highway revenues to show an increase.

In the first quarter of 1953 these four sources of highway revenues showed collections of \$11,996,676. The 1954 figure was \$11,601,223, a decrease of approximately 395,000 below a year ago.

Newberry pointed out that cities and counties participate in these highway revenues at the rate of 10 per cent and 19 per cent respectively. Some \$434,000 of the \$3,630,000 collected in registration fees in the first quarter will be distributed in the second quarter.

# Sack Enters Innocent Plea

PORTLAND (AP)—George F. Sack, 57, whose two previous wives met violent deaths, entered a plea of innocent Tuesday to a charge of first degree murder of his third wife.

He is accused of slaying Mrs. Goldie Goodrich Sack Feb. 16, by placing her in the trunk of his automobile where she was asphyxiated. The body was found in a clump of bushes in the outskirts of Portland Feb. 18.

Sack's first wife died in a Chicago apartment house fire in the early 1920s. His second wife was shot to death several years later. Sack was accused of first degree murder in the shooting, but was found insane and committed to an Illinois asylum. He was released in 1932.

Sack also has been questioned about the disappearance of two persons in Washington state.

# Migration to Australia Decreases in 1953

CANBERRA (AP)—Australia gained only 42,883 people from migration in 1953, less than half the 1952 figure. There were 74,915 arrivals but 32,032 people, including 25,295 Australians, left the country.

Many Australians who leave the country are young people in their early twenties going chiefly to England to study or gain experience. Many marry and remain away indefinitely.

# ATTENTION!

Members of Cannery Workers Local 670. Due to conflicting meeting dates, the regular meeting of Cannery Workers Local 670 has been changed to **Wednesday, April 21st -- 8:00 P. M., Hall No. 1 Labor Temple. IMPORTANT MEETING CONTRACT REPORTS TO DATE LABOR TEMPLE 445 CENTER STREET**

# Bank Robber Gets 2 Years

PORTLAND (AP)—Lurray White, who robbed the Hollywood branch of the First National Bank of \$711 here last October, was sentenced Tuesday to two years in prison.

Federal Judge Gus J. Solomon said he was giving a light sentence because of White's "fairly good" record in the past, and the fact that he did not use a gun in the robbery. He held his hand in a sack in imitation of a gun.

# NO PROGRESS MADE

PORTLAND (AP)—Federal mediators reported Tuesday that "no progress" had been made in Woodworkers and representatives of about 400 Pacific Northwest logging operators.

Demand for crocodile leather is so great that crocodiles are becoming scarce in many areas of the world says the National Geographic Society.

# Irrigation at Yamhill Gains New Interest

By LILLIE L. MADSEN Farm Editor, The Statesman

Two recent events have resulted in stimulating new interest in Yamhill County in development of potential irrigation projects in the area, Bill Moore, staff writer on the McMinnville Daily News Register, reported this week.

First of these, according to Moore, was the withdrawal of the U. S. Army engineers from participation in the operation of the Lafayette Locks on the Yamhill River, which leaves in doubt the up-river pool that is the source of water for sprinkling-irrigation of some 1,800 acres.

Second was the move in the south central part of the county by Chambers of Commerce of Sheridan and Willamina to revive the Yamhill project, which has been more or less dormant since World War II.

**Third Project**

A third project is now active in the Hopewell area where farmers south of Dayton are getting behind a move to irrigate some 4,400 acres from a proposed pumping plant across the Willamette from Windsor Island, about two miles south of the Polk County line. From this, water would be carried by canal along the base of the Amity hills approximately five miles northward from Hopewell.

The reconnaissance survey on the Hopewell project is completed and, according to O. M. Browne, acting regional planning engineer, can be given detailed studies when "additional and positive local interest and support are in evidence, and when adequate general investigation funds are available."

Carl H. Francis, Dayton attorney, and Lawrence E. Sohrweid, McMinnville farmer, have taken a lead to determine the status of the proposed irrigation district to utilize the Lafayette Locks and pool. A conference between interested irrigators and representatives of the U. S. Army engineers is being planned to discuss this project.

**Sees Activity Renewal**

Clifford Elliott, manager of the McMinnville Chamber of Commerce, reports that he believes the now dormant Yamhill project might be returned to activity, if farmers and other organized groups of the county will make their desires known to the Bureau of Reclamation and the Corps of Army Engineers. Quite a bit of survey work was done between 1941 and 1944, but evidently dropped after farmers failed to attend a meeting called in 1944 to push the project.

It was estimated this week, that the "forgotten" Yamhill project would provide water for the irrigation of 65,780 acres. At the time the project was alive, it was laid out in three main units: The Amity on the south of the South Yamhill River; the McMinnville on the north of the South Yamhill, and the Carlton on the North Yamhill River.

The year-by-year depletion of water flow in the Yamhill River is worrying farmers now using the river for irrigation systems.

**Innocent Plea In FHA Case**

PORTLAND (AP)—John Milton Owen of Portland, accused of making false statements in dealings with the Federal Housing Administration, entered a plea of innocent in federal court Tuesday.

Trial was set for June 1.

Owen, 47, is accused of making misstatements in connection with FHA loan credit applications, completion certificates and purchase orders.

# Man Acquitted, Another Sent To Grand Jury

One man was acquitted of a charge involving stolen property and another man was bound over to the grand jury on a burglary charge when they appeared in Marion County District Court.

John Miles Avery, Salem, charged with burglarizing the Bishop Building in downtown Salem early Sunday, was ordered held for the grand jury by Judge Val Sloper. Avery is held in lieu of \$2,500 bail.

A district court jury acquitted Walter Stanley Carbaugh, 605 Spruce St., of a charge of concealing stolen property following a trial Tuesday. Carbaugh was arrested by Salem city police last Feb. 20. Police said he had in his car several articles reported stolen in recent burglaries.

Carbaugh's defense at his trial Tuesday was that the articles were taken by his younger brother and that he was only returning them to rightful owners. The younger brother has since been sent to MacLaren School for Boys.

City police are still waiting for an improvement of Fred Lindsay's condition at Salem Memorial Hospital before talking with him about the Bishop Building burglary. In a signed statement, Avery named Lindsay, a roommate of his in a local hotel, as an accomplice in the burglary. Lindsay was picked up in the street by Willamette Ambulance personnel half a block from the building and about two hours before discovery of the entry Sunday.

He told ambulance men he had been struck by a hit and run driver. He was admitted to the hospital with a fractured ankle. Avery claims that Lindsay was injured in a 25-foot drop through a skylight on the roof of the building and dragged himself to the street.

# Portland Talks of Payroll Cutback

PORTLAND (AP)—The City Council is considering lopping about 100 workers off the city payroll for economy reasons.

The council said it has budget requests for 15 1/2 million dollars and expects income of about 13 1/2 million. The council estimated dismissal of 100 workers would save about \$360,000 a year.

The police chief and fire chief at once objected that their departments could not stand any reductions.

# 11 Climbers Missing in Italian Alps

ROME (AP)—Eleven Italian holiday mountain climbers were missing Tuesday night in the snow swept Alpine and Dolomite Mountains as storms and cold lashed Italy for the fifth straight day.

More than 50 carabinieri and alpinists returned from Grignetta Mountain north of Milan at dusk and said eight Easter holiday climbers still were missing there after 36 hours. Six other members of the party were found, unharmed, earlier Tuesday.

Three other climbers, identified as Italian students, still were missing after having set out to climb a Dolomite peak near Trent. Alpine guides hunted for them all day Tuesday.

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