Weather: Cloudy

Eugene Register-Guard

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Home Edition

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WORLD FLYER UNREPORTED AT CHITA

AN SWERINGEN WINS SCHEME TO EVADE TAX

ilroad Promoter Tells of Forming of Special Holding Firms

CTION IS HELD LEGAL

ecora Gains Admission on Stand; Loophole Is Pointed Out

By NATHAN ROBERTSON
(Associated Press Staff Writer)
WASHINGTON, June 7.—(AP)—
ing up of corporations for stock
ers to remove income tax lia-
y was brought out today in testi-
y of O. P. Van Sweringen at the
te investigation of the J. P. Mor-
and company role in erection of
widespread Van Sweringen rail-
d command.

enting readily to questions where
re he had repeatedly pleaded
y memory, the Cleveland oper-
first revealed that $1,000,000
was the total he and his brother,
., and associates put up in their
st advent into transportation.

You say that is starting on a shoe-
," he drawled, to the interest
nother crowd on hand. "I agree
h so, but we made what we have
ut of that shoestring."

Evasion Admitted

His brother listening closely near-
as was J. P. Morgan, he made
reply to questions by Ferdi-
Pecora, committee counsel,
developed that a "General Se-
ties Corporation" and later a "Ge-
l Securities Corporation" were
ially set up to effect transfers
stock to holding companies in a
to avail of income tax exemp-
provided by congress in connec-
with corporate reorganization.
ious details were enumerated for
a long time that many in the au-
ce left. J. P. Morgan and others
ed and few members of the com-
ee remained. And at the end Pe-
told reporters:

We have shown for the first time
advantage in effecting a transfer
stock through the medium of a
d corporation.

By this means the payment of
on profits is avoided. It shows
kness in the tax laws that con-
ss may want to strengthen."

Action Held Legal

n Sweringen testified that a
block of Chesapeake and Ohio
was taken on the books of one

E MORGAN HEARING STORY PAGE 2

eather News:

The warm, "sticky" weather of
day brought a shower during the
and .01 of an inch of rainfall
measured. The forecast:

REGON: Cloudy tonight and
rsday, with occasional light rain
northwest portion and on coast;
tle temperature; moderate west
northwest winds offshore.

OCAL STATISTICS: Minimum
perature Wednesday, 53 degrees.
imum temperature Tuesday, 73
ees. Precipitation, .01 of an inch.
ene river, 2 feet. Wind from

USLAW TIDES: Thursday high,
p. m.; low, 6:40 a. m., 6:32 p. m.;
day high, 12:22 a. m., 2 p. m.;
7:36 a. m., 7:26 p. m. Saturday,
1:01 a. m., 2:51 p. m.; low, 8:27
m., 8:24 p. m.

CONTESTED!

Although Frank L. Shaw, above, defeated Mayor John C. Porter in the Los Angeles municipal elections, he may not take office as Porter charges Shaw is not an American citizen but a Canadian.

FOUR-POWER PACT SIGNED WEDNESDAY

Agreement to Give Europe Ten Years of Peace, Says Mussolini

ROME, June 7.—(AP)—Premier Mussolini's fourpower peace fact, designed to guarantee ten years of peace to Europe, was initialed tonight by Italy, France, Germany and Great Britain.

Signor Mussolini initialed the instrument for Italy, for France the function was performed by Ambassador Henry de Juvenel, for Germany by Ambassador Ulrich von Hessel, and for Britain by Ambassador Sir Ronald Graham. The ceremony took place in Il Duce's office in the Venezuela palace.

The four power peace pact will give Europe ten years of peace and security, Premier Mussolini told the crowded senate today a few minutes after the German government had notified Italy of its complete acceptance of the final text of the treaty.

The senate, together with the American, British, French and German ambassadors, gave the premier a tremendous ovation as he announced the successful result of 2½ months of negotiations over the pact.

The new international instrument, Premier Mussolini said, has "produced collaboration by the four great western powers, upon which rests the responsibility not only for peace among themselves and in Europe but also for the world."

PARIS, June 7.—(U.P.)—All pledges to Germany of armament equality were eliminated from the proposed four power pact before the French cabinet agreed to its terms, the United Press learned today in obtaining an official summary of its six articles.

The pact makes reservations against revision of European frontiers as established by the Versailles treaty.

Gandhi Reported To Have Setback

POONA, India, June 7.—(AP)—A sudden setback in the condition of Mahatma Gandhi, who recently concluded a three weeks fast in protest against the treatment accorded India's "untouchables," was announced this afternoon by an examining physician.

VET PAYMENTS COMPROMISE IS DECLARED NEAR

Roosevelt Insists Clause Granting "Presumption" Be Omitted

LEADERS OPTIMISTIC

President Opposes Increase In Taxes To Pay Vets' Aid

WASHINGTON, June 7.—(AP)—House democratic leaders have decided to postpone action on the independent offices supply bill until the administration submits a concrete compromise proposal as a substitute for the Connally amendment limiting reductions in veterans outlays to 25 per cent.

Returning to the house after conferring with President Roosevelt, Lewis W. Douglas, the budget director, and Brigadier General Frank T. Hines, veterans administrator, the special veterans committee members said a compromise proposal probably would be submitted to them late in the day.

Progress Reported

Representative Crosser of Ohio, chairman of the democratic steering committee, said progress was made at the White House conference but that no estimates were made as to the amount the expected compromise would call for.

The president was said to be insistent that presumptive cases, where there is no reasonable doubt, be eliminated.

Representative Goldsborough (D-Md.), chairman of the special veterans committee, said however, "I think we will be able to reach an agreement sometime during the day or night."

The president pointed out to the committee that of more importance than the dollars and cents involved in the dispute is the principle of providing government care for veterans whose injuries are not traceable to war service.

New Taxes Loom

He feels the senate proposal violates in this respect the principle laid down in the democratic platform and in the economy bill passed early this session.

Also, it was made plain again by the president that if the senate amendment is kept, new taxes will

SEE VETS' PENSION STORY PAGE 2

School Board to Air Troubles of Principal, Janitor

Reported disagreement abetween O. K. Palmer, principal of the Elmira high school, and S. A. Bowles, janitor at the building, are slated to come to an airing and settlement before the next meeting of the school board there, Wednesday evening, June 14.

The trouble is said to be a personal matter between the two men over school property in the building. Eac hsaid to have posted notices regarding the other.

Only one member of the school board could be reached by telephone Wednesday. He said he knew little about the matter, that as far as he knew it was more of a personal row, but that it would likely be settled at the next meeting of the board. Teachers are to be hired at the board meeting.

Service Station Entered in Night

Breaking out a pane of glass in a window, thieves entered the Reinhart service station at Eighth and Monroe some time Tuesday night and obtained three cartons of cigarettes. This is the third time this station has been robbed recently.

George Terry, 92 Madison street, reported the theft of two tires from his car. Mrs. E. J. Frasier, 593 east Broadway, reported the theft of a 50-foot length of hose from her yard.

Hoop Tournament Gains Board O. K.

PORTLAND, Ore., June 7.—(AP)—The state board of higher education today authorized an invitation to the Oregon State High School Association to hold its annual basketball tournament at University of Oregon and Oregon State college on alternate years.

The tournament has heretofore been held at Willamette university in Salem.

France Plans To Skip June Debt Payment

PARIS, June 7—(U.P.)—The French government does not propose to pay either the defaulted Dec. 15 war debt payment to the United States or the one due June 15.

Although the cabinet has not formally made its decision, the United Press learned the government's attitude from an unimpeachable official source.

The government, especially Premier Edouard Daladier, opposed payment for the following reasons:

Firstly, they know they would be overthrown by the socialists and nationalists in the chamber of deputies if they paid.

Secondly, they have been led to believe that Washington would prefer the debtor nations to default rather than voluntarily grant them revision.

LONDON, June 7—(U.P.)—President Roosevelt evidently has declined to make a statement this week reassuring European war debtors, it was indicated today.

That interpretation was placed on an official announcement which said: "Great Britain is awaiting no war debt message from Washington."

PRESIDENT'S ORDER LESSENS VETS' CUT

Modification Move Swells Total Proposed Under Economy Plan

WASHINGTON, June 7.—(AP)—The following approximate figures made public by an authority on veterans affairs show the effect of the president's modification order in veteran's cuts, as compared with what was planned for veterans under the 1934 budget, and the cuts made under the economy act:

Service connected cases.

Under the budget, 380,000 veterans were to draw $221,000,000. Under the economy act, 225,000 veterans were to draw $65,000,000. This was a cut of approximately 40 per cent in numbers, 50 per cent in cash. The president's modification order would give to the 225,000 veterans about $89,500,000.

The monthly average per veteran under the 1934 budget estimate was $48; under the economy act $25; under the modification order $33.

Non-service connected cases.

Under the 1934 budget estimate, 501,000 veterans, with disabilities ranging from 25 per cent up, were to receive $101,000,000. Under the economy act, 48,500 totally disabled veterans were to get an average of $20 a month. The president's order increased this to $30 a month. The total received would thus be raised from approximately $10,000,000 to approximately $15,000,000.

Spanish War veterans.

Under the 1934 budget estimate, 197,000 Spanish War veterans were to receive $107,000,000. Under the economy act, 82,600 veterans were to receive $12,800,000. Spanish War widows, under the 1934 budget, numbered 43,600 to receive $17,000,000; under the economy act, 41,000 widows were to receive $7,700,000. The president's modification order changed this only by providing that the $6 rate for veterans 62 years and over should be raised to $15 a month.

Grange Power Bill Referendum Is Filed

SALEM, June 7.—(AP)—Petitions to refer the grange power bill at the July 21 election were filed today with the secretary of state by the Security Owners association with 19,000 names attached. Signatures of 16,667 voters are required.

The grange power bill passed by the last legislature provided for issuance of bonds up to $65,000,000 on vote of the people for public power plants, and created a new three-man power commission. Filing of the referendum eliminates election of a new power commission at the July 21 election.

Senate GOP Will Seek Sales Tax

WASHINGTON, June 7.—(AP)—Senate republicans decided today to press for a sales tax of 1½ per cent as a substitute for the proposed corporation levies to finance the $3,-300,000,000 public works program in the industrial recovery bill.

Meeting just before the senate opened debate on the huge industrial planning public works bill, the republicans also decided to offer amendments striking out sections authorizing the president to license industries to compel them, if they declined voluntarily, to enter into fair trade agreements.

WAY PREPARED FOR DRY FIGHT ON PROHI VOTE

Heffron's Second Attempt To File Refused By State Officer

SUIT GROUND IS LAID

Contest To Depend on Vote Over Nation Favoring Repeal Bill

The legal basis for a test of the constitutionality of Oregon repeal convention now has been established and a test suit may be raised by anyone interested, it was declared here Wednesday by F. C. Heffron, Eugene attorney, upon receipt of his second rejection as a dry candidate for the convention.

Several days ago Heffron filed as a candidate, crossing out the pledge binding him to vote in accordance with the mandate of his county and substituting the pledge to vote dry regardless of how the voters of Lane county voted. This application was rejected by the secretary of state.

Fact Established

Later he filed another application, crossing out the pledge, but making no other pledge at all. This also was rejected Wednesday.

"The legal fact that the candidacy of a qualified elector was refused because he would not be bound by the vote of his county now has been established," Heffron said, after receiving word of his second rejection. "The constitutionality of the convention may now be tested by anyone who cares to."

Heffron explained that in order to test the convention, it must be established that the secretary of state had refused to accept the candidacy of a candidate. His only reason in filing, he said, was to establish this fact. The Eugene attorney has no intention of carrying the matter to the courts himself.

Action Problematic

"The wets have overreached themselves and voted the state dry in effect," he said. "In the event the convention goes wet, the dry forces can now seek an injunction preventing the secretary of state from certifying to the results in Oregon. This would have the effect of putting Oregon in the position of not voting on the national issue."

Heffron said such action probably would not be taken in this state unless the result in Oregon would effect the national result.

Summer Camps For Vancouver Are Called Off

VANCOUVER, Wash., June 7.—(AP)—An order canceling the scheduled meetings of the Citizens' Military Training Camp, the Reserve Officers' Training camp, and the Reserve Officers' Summer training for the army fiscal year of 1933, was received by the commanding officer of Vancouver Barracks today from the ninth corps area headquarters at San Francisco.

The C. M. T. C. training period of four weeks was to have started here June 23. The quota of 500 youths from Oregon and southwestern Washington has already been filled from more than 1000 applications. Those who had been accepted were being advised today by the adjutant that the training orders have been revoked. They were told, however, to stand by for further instructions.

The army fiscal year ends June 30. The 1934 fiscal year opens July 1. The order received today covered only the fiscal year of 1933 and it was believed some arrangement might be made to hold the training sessions after July 1.

Four-H Club Picnic To Be Held in July

Thirty-five members of the Local Leaders' association met at the Four-H club building at the county fair grounds Tuesday night and set the date for the annual club picnic for the last Sunday in July.

Mrs. Lulu M. Burt of Mapleton and Mrs. Edith Page of Walterville were chosen as chaperones for the Lane county girls who are to attend the Four-H club summer school at Corvallis and Mrs. J. L. Jepson of Elmira was chosen as alternate.

Moving pictures of the summer school last year were shown at the meeting. A musical feature was several numbers by the junior orchestra directed by Z. M. Cox.

FREE MASONS BARRED

BERLIN, June 7.—(U.P.)—The Saxon government decreed today that Free Masons henceforth shall not be appointed to the state civil service.

SHE'S WASHINGTON'S FAIREST!

Seattle artists determined to find the prettiest baby in the Evergreen State. As part of the quest, they sponsored a baby show, and after a week of popular balloting, Miss Patsy Bauman, daughter of Mr. and Mrs. Lee Bauman, Seattle, was chosen winner.

Blood On Pipe Declared That Of Mrs. Lamson

SAN JOSE, Cal., June 7.—(U.P.)—Bloodstains found on a piece of pipe said to have been the weapon used in the Stanford campus murder of Mrs. Allene Lamson, were formed by blood from the pretty young victim, authorities claimed today.

The pipe was found in ashes of a bonfire David Lamson was tending in the backyard of his campus home on Memorial day.

The new disclosure, supporting the prosecution's belief Mrs. Lamson was bludgeoned to death as she stood in her bathroom, was made by Dr. Frederick I. Proescher, Santa Clara county pathologist.

Previously, Dr. Proescher said there were bloodstains on the pipe but his examination had not progressed far enough to determine whether the blood came from an animal or human. Chemical tests revealed, the sheriff's office said, that the blood was Mrs. Lamson's.

In addition to identifying blood on the pipe, Dr. Proescher's report said stains leading from the bathroom to the kitchen and then to the yard toward the bonfire were found to be Mrs. Lamson's blood. The body of the young woman, he said, bore finger marks and bruises on the arms, legs and hips. There were no fingerprints on the pipe.

Indiana Voters Give Big Margin For Prohi Repeal

INDIANAPOLIS, June 7.—(AP)—Indiana, hope of prohibitionists to stop a steady march of states toward repeal of the eighteenth amendment, today had joined the wet parade.

In a special election Tuesday it became the tenth consecutive state to decide that prohibition has no part in the federal constitution and should be removed through ratification of the twenty-first amendment.

The popular state-wide vote on the question was two to one in favor of repeal. The unofficial tabulation was 501,239 to 277,694 in 3,571 of the state's 3,691 precincts.

Of the 329 delegates named in Tuesday's election to the convention that will meet here June 26 formally to register the will of the people, 250 will be pledged to vote for the new amendment.

The anti-repealists will have 79 delegates.

Forestry Worker's Body Is Recovered

SALEM, June 7.—(AP)—The body of John T. Chess, 20, federal forestry conservation corps member who was drowned in the Santiam river near Detroit Monday was recovered this morning by searchers.

When found the body was lodged against cribbing in the river. Telephone reports from Detroit said that the grapplers believed they had also located the body of Howard Herron, 21, of Chicago, who was with Chess when their boat capsized Monday.

MITCHELL IS GIVEN CROSS-FIRE QUIZ

New York Banker Changes Manner To One of Nervousness

NEW YORK, June 7.—(U.P.)—Striking at Charles E. Mitchell's contention that he threw his personal fortunes into the market to "save" the National City bank of which he was head, U. S. Attorney George Z. Medalie today subjected the former banker to an exhaustive cross examination in Mitchell's trial for alleged income tax evasion.

From Mitchell, whose manner changed from one of aggression to one of considerable hesitancy and nervousness, Medalie extracted the information that the bank, during the decline in prices of the October panic of 1929, succeeded in unloading 71,000 shares of stock it had purchased to "peg the market" and that Mitchell himself got rid of 10,000 shares out of 28,300 he had bought for the same purpose.

Medalie sought to establish the inference that had he wished, Mitchel might have sold off the remaining 18,300 shares with little or no loss, and that then he would not have been obliged to sell the stock, in December, to Mrs. Mitchell, and thus create a paper "loss" of $2,800,000.

It was through the "loss" thus insurred that Mitchell was able to avoid payment of any income tax on his $3,500,000 profit in 1929.

Throughout the cross-examination, Mitchell was patiently nervous.

BERLIN GETS OLYMPICS

VIENNA, June 7.—(U.P.)—The International Olympics committee voted today to hold the 1936 games in Berlin, as planned, on the understanding there would be no discrimination against Jews.

TEXAN HELD SAFE; WIRE SERVICE BAD

Aviator Is Last Sighted at Novosibirisk; Weather There Good

WIFE NOT WORRIED

Says News Seekers Bother With Knitting; Region Lacks Wires

MOSCOW, June 7.—(AP)—Fifteen hours after he had passed Novosibirsk, Jimmy Mattern, American round-the-wold flier, was unreported today so far as Moscow knew, but unless he had encountered difficulties with his plane he should have reached Chita, Siberia, the next stop on his schedule.

Delays in communication, which increased the further eastward the flier progressed, left Moscow without word of his whereabouts.

The Moscow weather bureau said the aviator should encounter good weather and wind conditions as far as Krasnoyarsk, after which he probably would meet strong headwinds and cloudy weather on his way to Chita.

FLIES HIGH

NOVOSIBIRSK, Siberia, June 7.—(U.P.)—Jimmy Mattern, American aviator, was sighted at 1:10 a. m. (Greenwich mean time) today, en route to Chita.

One ten a. m. Gmt. is 9:10 p. m. Edt. and 6:10 a. m. Omsk time.

Mattern was flying so high he barely was visible.

Novosibirsk is approximately 400 miles east of Omsk.

WEATHER GOOD

MOSCOW, June 7.—(U.P.)—Soviet officials felt today it was likely Jimmy Mattern had landed his airplane in Chita, Siberia. News of his arrival, however, may be long delayed. Urgent telegrams from Chita often are delayed ten to 20 hours before reaching Moscow.

News of Mattern being sighted over Novosibirsk was telephoned to the United Press bureau here. The telephone line ends at Novosibirsk. Officials of the airdrome there told the United Press that weather conditions

SEE MATTERN FLIGHT STORY PAGE 2

R. F. C. FUND WILL LAST UNTIL JULY

County R. F. C. road work will continue until uly 1 instead of being stopped the last of this week as planned by the county court. After the announcement was made by County Commissioner Crowe Tuesday that the funds had been exhausted and that work would cease at once it became known Wednesday morning that an additional allotment of funds for Lane county had been made. The information came in a letter from the state R. F. C. organization.

The additional allotment, together with the small sum now on hand here will, it is believed, be sufficient to carry on the work during the remainder of the present month.

Members of the county court Wednesday said they had no idea what the government will do after that time in the way of providing funds for relief employment.

tudent Art Work Exhibition Attracts; Variety Offered

e of the most interesting col-
ns of student art work seen in
e on the campus is now on
play in the university art build-
. The public is invited to view the
k and Eugeneans can spend a
profitable and enjoyable hour or
o at the gallery and in the other
rs of the building where the stud-
work is on special display.

Especially, there will be many
ors here this week-end for the
versity commencement, and as a
ggestion for side-entertaining, take
m out to the campus and let them
e of this array of student art. Not
ly will they find pleasure in it, but
y will be given an opportunity to
ow what Oregon students are achiev-
. The Oregon art school ranks
h among the educational institu-
s.

The exhibition has been arranged in
art school's main gallery, just to
uth of the west entrance. This
w offers an aggregate of repres-
tive work from all the depart-
nts of the art school. Depart-
ental rooms elsewhere in the build-
ing give more complete individual exhibitions of each phase of art taught, one room being given over to the architecture work, another to painting, another to weaving, etc.

It is the main gallery, however, that offers the most interesting display because it is here the products of all the departments are combined.

To the left as you enter are the landscape architecture and architecture projects, offering a variety of subjects in this line on up to some model sky-scrapers.

Further on around the walls come the painting and composition entries, the larger section of the exhibition. Here a wealth of material and talent is offered for the public eye, including some very outstanding works. Here will be glimpsed a landscape, here a balcony scene, there an interesting study of a motherly old woman, there a character study of an old man, a study of a young girl and so on. One interesting thing about

SEE ART EXHIBIT STORY PAGE 8

Midwest Detachments Will Come To Eugene C.C.C. Area

Five detachments of Civilian Conservation Corps forest workers will leave Jefferson Barracks at St. Louis, Mo., the latter part of this week for the Eugene district, according to word received at national forest headquarters in Eugene Wednesday. At the same time 18 detachments were expected to leave for Fort Lewis, Wash., to be sent to different camps in that state.

In the meantime minor movements of camp workers are taking place in this district but no large assignments of men are expected in this section until the men from the middle west arrive. R. S. Shelley, supervisor of the Siuslaw national forest, received word from Ranger Neff at Waldport Wednesday that 60 men had just arrived at the Cape creek camp on the coast in the northern part of Lane county. These were all recruited in Linn, Benton and Polk counties and, added to the 25 woodsmen and a quota that recently arrived from the east a few days ago, making the quota for that camp complete.

D. E. Wright of Roseburg, was in Eugene Tuesday conferring with Supervisor Shelley regarding the camp in the O. and C. lands at Gunter. He has been designated as superintendent of that camp and is now on the ground arranging the camp for the arrival of the men.

The Mapleton camp site which was scratched off the list of active camps a short time ago will be utilized after all, Supervisor Shelley has been informed, and in due time it will be manned, although no work has yet been done on it.

The dropping of a number of camps from the active list does not mean that the work will be abandoned at these sites, C. J. Buck, district forester, explained, but it means that they have been placed on the deferred list and they may or may not be filled with men later.