

WEATHER FORECAST

Oregon: Tonight and Tuesday probably rain, moderate southerly winds. Local—No rainfall; river, 1 foot, falling.

Capital Journal

CIRCULATION

Average for Quarter Ending

December 31, 1919

5458

Member Audit Bureau of Circulations Associated Press Full Length Wire

FORTY-THIRD YEAR.—NO. 58.

SALEM, OREGON, MONDAY, MARCH 8, 1920.

PRICE 2 CENTS.

OLCOTT ORDERS GRAND JURY PROBE

AMERICAN HELD BY VILLASTAS IN BANDIT RETREAT

Mine Company Employee, Taken Captive During Raid on Train, Retained on Demand for \$50,000 Ransom

El Paso, Texas, March 8.—Joseph Williams, an employe of the American Smelting & Refining company plant at Piedras, Mexico, is a captive in the hands of Francisco Villa, held for \$50,000 ransom, according to passengers from southern Chihuahua, who have reached Juarez, Williams, who is an American citizen, served in the world war and suffering from the effects of German gas, was returning to the United States for treatment when the northbound Mexican City-Juarez train, on which he was traveling, was held up Thursday morning last near Corralites, Chihuahua, 400 miles south of El Paso.

Taken from Train In a battle between Villa's men and the train guard, ten of the bandits and nineteen of the train guard were slain and the balance of the defenders, fifty in number, either wounded or driven off. The train and Pullman car conductors were among the dead, the latter being killed by a shot from Villa's pistol.

When the fighting ceased the bandits herded the passengers to a small hill near the track where Villa harassed them and threatened them with death. Later, according to eye witnesses he broke into tears and told them he would spare their lives out of respect to the memory of General Felipe Angeles, who recently was executed by the Carranza authorities at Chihuahua City.

Engine Dynamited Williams and an Arabian merchant, M. Nassar, were forced to accompany the bandits when they rode away, leaving the balance of the passengers marooned in a desolate country, bereft of their belongings and many of them without their clothing, which had been taken by the robbers.

According to R. J. Peltier, an American citizen, resident of Mexico City, who was roughly handled and threatened with death, the bandits numbered about 300. They stopped the train by placing a charge of dynamite on the track which wrecked the engine.

Kidnapers Organized Washington, March 8.—Discovery of a "co-operative kidnaping association" having for its purpose "the kidnaping and holding for ransom of foreigners, preferably Americans," is announced by the Mexican foreign office, according to advices today from Mexico City.

The announcement says this "unique company" is made up of Mexicans and Americans on the border, this statement being based on reports from various consular officers. The foreign office says the "association" also is engaged in "the ignoble task of creating trouble between the two countries."

FRENCH LOSSES BIG

Paris, Mar. 7.—French losses in Gileada from the end of January to February 15, which includes the period during which disorders occurred at Marash were 153 killed, 273 wounded, 181 missing, according to The Temps. Losses of French regular and native troops are included in these figures.

A PIECE OF TABLEWARE MAY be solid silver without the "sterling" stamp, the accepted "Hall Mark" of quality. But you don't know. A bank might be honest and efficient without government inspection. But you don't know. A business concern may be absolutely responsible without a commercial rating. But you don't know. A publication may have the circulation it claims without verification by the Audit Bureau of Circulations. But you don't know. BETTER BE SURE! The circulation of the Capital Journal is verified by the A. B. C.

Income Tax Provision Taxing Stock Dividends Is Held Unconstitutional

Washington, Mar. 8.—Provisions of the income tax act of 1918 taxing as income stock dividends declared by corporations out of earnings and profits accruing subsequent to March 1, 1913, were held unconstitutional today by the supreme court. Justice Pitney in rendering the court's opinion said stock dividends are no more than a "book adjustment" and do not change the nature, character, mutual relations or interests of a corporation. The court divided five to four. Justices Holmes and Day joining in one dissenting opinion and Justices Brandeis and Clarke in another. The court upheld federal court decrees denying the authority of congress to tax stock dividends and awarding to Myrtle M. Macomber \$1367 which she had paid under protest on 1100 shares of new stock received in January, 1915, as a stock dividend from the Standard Oil company of California. The case was one of a series in which J. P. Morgan, Herbert L. Platt and others had questioned the validity of the act. Court officials said the case was one of the most important at this term and in the determination of the question involved affects thousands of investors. Under the court's ruling the federal government must refund millions of dollars in taxes collected on stock dividends since the 1916 law became effective. Internal bureaus said today the exact total of the refunds could not be estimated at this time and that it would not be known until all claims had been filed and computed.

CONSTANTINOPLE IN ALLIED HANDS UNDER ARMISTICE TERMS

Paris, Mar. 8.—Constantinople is actually occupied by allied troops under provisions of the armistice, it is pointed out by the Petit Parisien this morning, which says that city is headquarters for General Franchet D'Esperey, and there are in the city one division and one brigade of French troops. In addition there are in Constantinople one regiment of Italian and a battalion of British troops and there are other British forces in the region of the straits. A British division is spread over Anatolia between Scutari and Brusa, while the French have a division in western Thrace, the newspaper says.

America Criticized London, Mar. 8.—Commenting upon unconfirmed reports that British troops and seamen have actually occupied Constantinople, the London Times says: "Cardinal Gibbons, James W. Gerard, former American ambassador at Berlin, and other notable Americans demand that the Turk be expelled from Constantinople and that Armenia be freed from the sea, be given the fullest autonomy. This manifestation of the best American opinion will be exceedingly welcome to the allies but we do not observe that it contains any proposal for American assistance in carrying out the policy which is approved. Allied peoples will not hear of schemes which involve the sacrifice of more money and blood, except for objects which constrain them in conscience and honor to attain. They will not fight for concessions to communities or tribes, and international concession hunters are now very active in plans for carving up Asiatic Turkey according to their desires."

Arrest Of Former Kaiser's Cousin Ordered By Noske

Berlin, Mar. 8.—Gustav Noske, minister of defense, has ordered the provisional arrest of Prince Joachim Albrecht of Prussia, cousin of former Emperor William and Baron Von Eblen, for engaging in an assault upon Captain Roughev, a French officer with the inter-allied mission in this city Saturday night. The assault occurred in the dining room of the Adlon hotel, the prince and his friends hurling candles, crockery and other missiles at Captain Roughev and his party, who had refused to stand while the orchestra was playing "Deutschland Uber Alles." Captain Roughev was beaten and his clothes were torn.

STATE QUESTIONS DEFENSE WITNESS TESTIMONY TODAY

Montesano, Wash., Mar. 9.—Testimony of William Spears, Roslyn, Wash., coal miner, given last Saturday as a defense witness in the trial of alleged I. W. W. for the murder of Warren O. Grimm, Centralia Armistice day parade victim, was attacked by the state in rebuttal at the opening of the seventh week of the trial today. Spears had testified that he had been advised by R. H. McGadden, deputy sheriff of Kittitas county, to not come to Montesano to testify in the I. W. W. trial. To rebut Spears' testimony McGadden was called by the state. He vehemently denied that he had so advised Spears. He said he did not know Spears had witnessed the Centralia shooting until he read it in the papers last Saturday.

The testimony of John Patterson also was attacked. Patterson had testified to being close to the hall at the time of the tragedy. Today Miss Ruth Godfrey, 15, a neighbor's child, testified she was in the Patterson home on the morning of November 12, and heard Patterson tell his wife that he had seen nothing of the affair. J. L. Pollock, also a neighbor of Patterson, testified that Patterson had told him he was a block away from the trouble, having been compelled to take his children back home when they became frightened at the shooting. Pollock declared he was not in sympathy with the I. W. W. Four defense exhibits, newspapers containing stories of meetings held at the Elks club in Centralia, were ruled out of the evidence today upon motion of state counsel, court holding that the connecting link to show that Grimm had any part in this meeting, or that he had any connection with alleged threats said to have been made at these meetings, had not been established.

Firemen Search Hotel Ruins For Victims Of Fire

Old Point Comfort, Va., Mar. 8.—Firemen, aided by civilians and soldiers from Fortress Monroe today began searching the ruins of the Chamberlin hotel for possible victims of the fire which last night completely destroyed the big structure. Effort also was being made to check up the 200 or more guests as well as 170 employes. Rumors that two or three persons had perished were discounted by the hotel management. The Chamberlin, probably one of the best known tourist hotels on the Atlantic coast, was located on the government reservation. It was seven stories in height and of frame construction. The flames broke out on the ground floor and soon were beyond control. The loss, including the effects of guests, was estimated at more than \$3,000,000.

PHONE COMPANY WARNED AGAINST BREAKING LEASE

The Pacific Telephone & Telegraph company is warned against undue haste in terminating its lease arrangements with the Federal Telegraph company, in a letter written by Fred A. Williams of the Oregon public service commission. The present lease arrangements between the two companies, Williams points out, were made when the government took over a large part of the wireless equipment of the Federal company during the war. This equipment was distributed over the United States and has not yet been returned so that any sudden termination of its lease arrangement would tend to disrupt service by the Federal company.

WILSONS AGREES WITH PREMIERS ON FEW POINTS

Notes on Adriatic Situation Accepts Settlement Proposal With Reservations

Washington, Mar. 8.—While expressing satisfaction at the "unaltered desire of the allied leaders to reach" an "equitable solution," President Wilson in his last note to the French and British premiers accepts with and Jugo-Slavia themselves be permitted to settle the Adriatic dispute. While the president refused to agree to a withdrawal of the British-French-American memorandum of December 9, he indicated his unalterable opposition to the execution of the terms of the treaty of London except insofar as the United States government "may be convinced that those terms are intrinsically just and are consistent with the maintenance of peace and settled order in southeastern Europe." Leave Albania Out. While he said he would gladly approve a mutual settlement between Italians and the Jugo-Slavs which would be prejudice to the interests of any third nation, the president declared he cannot "possibly approve any plan which assigns to Jugo-Slavia in the northern districts of Albania territorial compensation for what she is deprived of elsewhere." Albanian questions, he further said, should not be included in the proposed joint discussions. If Italy and Jugo-Slavia, he said, prefer to abandon the so-called buffer state and desire to limit the proposed free state to the corpus separatum of Flume, placing the sovereignty in the league of nations, the United States is willing to leave the determination of the common frontier to Italy and Jugo-Slavia. The text of the president's reply was made public last night.

President Wilson's note to the premiers on the Adriatic situation follows: "The president desires to express his sincere and cordial interest in the response of the French and British prime ministers received on February 27. He notes with satisfaction their unaltered desire to reach an equitable solution in conformity with the principles of the peace conference and of the legitimate though conflicting aspirations of the Italians and Jugo-Slavs people. He further welcomes their expressed intention regarding certain essential points to 'urge upon the governments interested that they should bring their desires into line with the American point of view.'"

"The president is surprised, however, that they should find in the statement of his own willingness to leave to the joint agreement of Italy and Jugo-Slavia the settlement of their common frontiers in the Flume region any ground for suggesting the withdrawal of the joint memorandum of December 9. In this he could not possibly be misled, and disinterested judgment after months of earnest discussion. It constituted more than a mere exchange of views; it was a statement of principles and a recapitulation of the chief points upon which agreement had been reached. "There was thus afforded a summary review of these points of agreement of the French, British and American governments and the memorandum should remain as it was intended to be, the basis of reference representing the combined opinion of these governments. "In referring to 'the common frontier in the Flume region' the president had in mind the express desire of the two interested governments to abandon the project of the free state of Flume as defined in the memorandum of December 9. "If, as he understands, the government of Italy and the government of the Serb-Croat-Slovene state prefer to abandon the so-called buffer state containing an overwhelming majority of Jugo-Slavs and desire to limit the proposed free state to the corpus separatum of Flume, placing the sovereignty in the league of nations without either Italian or Jugo-Slav control then the government of the United States is prepared to accept this proposal and is willing under such circumstances to leave the determination of the common frontier to Italy and Jugo-Slavia. In this connection the president desires to reiterate that he would gladly approve a mutual agreement between the Italian and Jugo-Slav governments reached either without prejudice to the territorial or other interests of any third nation, but Albanian questions should not be included in the proposed joint discussion of Italy and Jugo-Slavia and the president must reaffirm that he cannot possibly approve any plan which assigns to Jugo-Slavia in the northern districts of Albania territorial compensation for what she is deprived of elsewhere. Concerning the economic outlets for Jugo-Slavia in the region of Scutari suggested in the note under reply, the president desires to refer to the memorandum of December 9 as making adequate provisions to meet the needs of Jugo-Slavia. London Treaty Scuffed. "Regarding the character and ap-

Bolshevik Launch Attack On Poles And Finns, Report

London, Mar. 8.—Russian soviet forces have launched attacks against the Poles and the Finns on the western and northern fronts, according to advices received here. In both instances, it is said, they have been repulsed and the Finns are reported to have launched a counter attack which has pierced the red lines. Polish units holding the line running through the Pripiet marshes south of Bobruisk are said to have been under attack at two points, the soviet armies advancing on the north and south sides of the marshes. It is recalled the Poles last week rejected overtures for an armistice, pending peace negotiations, holding the bolshevik would strengthen their lines during the time they are protected by the provisions of the truce. In the meantime delegates from the Baltic states are expected to meet at Warsaw next week to consider the soviet peace terms.

Death Follows Refugees Fleeing From Hardships

Constantinople, Mar. 8.—Death pursued 300 refugees who fled from Novorossiisk on the steamer Navajo at the approach of Russian soviet forces, as many had died of disease, cold and starvation. The craft arrived here with emaciated and starving passengers. Eighteen hours after leaving port, the vessel, which had been chartered by the American Red Cross to bring the fugitives out of southern Russia, was struck by a bilzard which for two days prevented the ship from making headway. Food and coal supplies were all consumed. For four days the Navajo drifted in the Black sea while a hurricane raged. Typhus then appeared on board and the refugees saw the bodies of scores consigned to the waters. At last another refuge ship picked up the Navajo. Hundreds of the passengers arrived here with hands and feet frozen.

PEOPLE WHO KNEW HOOVER Evidence Of The Qualities That Brought "Bert" To The Front Discernable Here.

By Will Carver. This portion of The Capital Journal's biographical review of Hoovers from the viewpoint of his Salem residence, will be devoted to a phase of Bert's life which clearly demonstrates the unselfish attributes qualifying him for one of the most important positions arising during the wartime emergency. Eastern writers and others who have made research into the early life of the relief administrator have discovered an admirable trait discernable in the Hoover family. Modesty, and a desire of self effacement. Hoover's relatives are proud of him and believe there is absolutely nothing within the scope of human achievement that Bert could not do, if he went after it. The family records prove this. Boyhood tasks, school ambitions, personal undertakings and public positions of trust,—when Hoover said "I will"—"things started to happen" as a boyhood chum of Bert's phrases it. But when the task was accomplished, there is a refreshing absence of the "only I could do it" attitude. Of all public vocations, the newspaper game is one in which the big "I" drops out eternally. Someone always seeking to bask in reflected glory. In similar instance, the news source is scant, unless "personal mention is promised." The task of gathering the meagre fragments concerning Hoover, has been made very pleasant by the absence of the reporter's Waterloo—the big "I." It has developed that among Hoover's relations of more humble means that the biographer encountered this proposition, without exception. "Let the world know how Bert has stood by us all. How he was always willing to aid any of the younger generation who desired help in completing their education. How he remembered Grandma McIntosh during her last days, seeking to repay her for her early assistance and encouragement. All of these things are true.—But don't mention our names in the articles, as we have no desire to steal in on Bert's achievements." This spirit of humility and unselfishness is uncommon and well noteworthy for correlation with Hoover's own record, of never having been a candidate for public office. Perhaps the writer has handled this portion of the chapter, clumsily, but the truth of the matter remains that this dominant fact of the humble Quaker spirit in the Hoover-Mintosh family asserts itself. Information available in Salem, furnishes material for many interesting chapters concerning this word-known man. The Capital Journal repeats the invitation for contributions to this column by any of the older Salem residents who remember Hoover during his boyhood in this city.

CALL FOR COMPLETE INVESTIGATION OF STATE TREASURER'S OFFICE AND IT'S INVESTMENT'S ISSUED TODAY

Action Follows Charges Of Purchase Of Securities At Inflated Value With Funds Of State Accident Commission By Hoff From Morris Bros.

Governor Olcott this morning ordered a grand jury investigation of conditions in the state treasurer's office and a probe of investments made, as a result of charges alleging that State Treasurer Hoff had purchased questionable securities at inflated valuations with the monies of the segregated accident fund of the state industrial accident commission through transactions by which the bonding house of Morris Bros. Inc., of Portland realized a profit of \$56,357.45 in excess of the customary 2 per cent broker's commission. The bond purchases were made by Chief Deputy Treasurer Joseph G. Richardson, who left Salem for Portland Saturday and had not returned at noon. A probe of the investments made by State Treasurer Hoff show that during 1919, bonds to the par value of \$727,229.99 were purchased at a cost of \$773,828.75 to the state, a premium of \$46,598.76 being paid. Most of these bonds, it is alleged, are not worth par in the open market, and all of them were sold by the municipalities issuing them for less than par. The bonds were purchased at a price to yield 5 1/2 per cent on the investment. Attorney General Assists. Governor Olcott instructed Attorney General Brown to appear before "a grand jury of competent jurisdiction for the purpose of managing and conducting an inquiry and investigation into the matter of the purchase of securities by the state treasurer's office." "I desire the scope of this investigation to be sufficiently wide to cover all transactions having to do with the purchase of securities by the state treasurer or his assistant." Governor Olcott's letter to the attorney general reads, calling particular attention to (Continued on page six)

VEEG QUARTET ROBS LOS ANGELES STORE THRU CLEVER RUSE

Los Angeles, Cal., March 8.—Four men robbed the safe of the Fifth Street store here last night, securing from \$15,000 to \$20,000 cash and liberty bonds, the exact value of the latter not yet checked. The men gained entrance to the store by rapping for a watchman and telling him they were detectives from an agency which he knew was employed to watch the store. Once inside, they bound and gagged the watchman. Then they overpowered a night janitor, blew the safe and walked out. The robbery was not discovered for five hours. The watchman and janitor were found handcuffed to the iron grille work on the elevator shaft when the store was finally entered. The watchman told the police that the robbers worked three hours on the big old-fashioned safe and in the mean while forced him to "ring in" his usual signals. He said they then handcuffed him where he was found and left in an automobile that had been running out the signals failed to come in, a man was sent by the telegraph company to investigate, not being able to raise the watchman, he notified the Merchants Patrol which forced an entrance to the store and released the men. Search of the store disclosed that a sack containing about 75 pounds of pennies had been taken with the other contents of the safe but left on the main floor. The police believed the men abandoned because they feared it would attract attention when they carried it to their automobile.

No Firm Excluded. "It was my desire to invest the funds at an early moment as possible so that the interest earnings would be correspondingly large. All offerings of bonds were considered and for the reason that Morris Brothers was in a position to furnish large amounts of bonds without delay it was concluded to make purchases from this firm, not, however, to the exclusion of any other firm. The purchase of bonds made were municipal in character and based upon the securities of the different municipalities in the state of Oregon and personal obligation of the respective municipalities. The taxes of the state come from different counties and for that reason I believed that if securities were good, bonds from the different cities and counties in the state should be purchased in order to make a fairer allotment of the state's fund throughout the state. Loss Held Impossible. "No default has ever yet been made in the payment of interest or principal of any of the bonds purchased and after full consideration of the value of the securities and having faith in the different cities and counties in the state, I feel satisfied that no loss whatsoever is possible to the state of Oregon. I well understood the money of the state entrusted to me as its official and in all investments was risked thereby. I never at any time have furnished any bonding house or person money with which to purchase bonds, but have always purchased, as I believed, from the owner of the bonds. State Earnings Increase. "During the past year, with approximately the same bank balance as the preceding year, I have earned for the state \$3789 in interest more than in the preceding year. In spite of the extensive public improvements requiring millions of dollars to be handled by the state treasurer, the active dollar balance in the active depository of the state has been \$166,893.08 as against \$458,357.63 of the preceding year. During the past two months this active balance has been reduced to approximately \$50,000. Practically all trust funds, entrusted to the state treasurer, have yielded greater interest earnings than in any preceding year. "In the management of my office I ascertained that full inheritance taxes had not been paid, and I appointed deputies to investigate this matter and have collected large sums which other-

DEMOCRATS ASKED TO SIGN HOOVER NOMINATING PETITIONS

Petitions have been sent to the Capital Journal office and can be signed there to place Herbert Hoover's name upon the primary ballot as a democratic candidate for president. The fact that Hoover has refused to state his party allegiance does not prevent the people of either or both parties from nominating him against the wishes of the politicians, and his own wishes. It is a case of the job seeking the man. Only registered democrats are eligible to sign these petitions, but if any republican will get out similar petitions to nominate Hoover, the Capital Journal will render similar aid in securing signatures. It is up to the people to beat the politicians to it and name the next president. If you are a democrat, sign this petition. If you are a republican, get out a petition of your own.