

Two Arrested in School Insurance Scheme

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Pair Named in Indictment by Multnomah Jury

Alteration of Policy Charged

Portland — (UPI) — Authorities in Seattle have arrested a man and a woman accused of participating in a fraudulent insurance scheme affecting 68 school districts in Oregon and southwest Washington.

The arrest of Kenneth Randall, 41, and Sarah Ann Chaffee, also 41, was announced today by Multnomah County Dist. Atty. George Van Hoomissen.

They were named in a secret indictment returned by the Multnomah county grand jury charging alteration of an insurance policy with intent to defraud, a felony, the district attorney said.

Connected with Agency Van Hoomissen said both were connected with the now-defunct National Scholastic Agency, a Portland firm which acted as an agent for California Life Insurance Co.

An investigation started when California Life refused to honor some claims filed under policies sold by National Scholastic Agency. The company claimed the policies contained unauthorized coverage clauses, particularly affecting accident such as football injuries.

Suit Now in Court

A suit involving the company and the David Douglas School District near Portland is now in U.S. District Court in an attempt to determine the company's liability.

Van Hoomissen said the pair arrested apparently were the entire staff of National Scholastic Agency.

They were taken into custody by King county sheriff's deputies. Randall later was released on \$5,999 bail and the woman was expected to be freed on bail later today.

Van Hoomissen said he did not know how soon they could be brought to Portland.

Siskiyou Accidents Caused by Weather

Twenty-five to 30 cars jammed traffic on the snow-packed highway through the Siskiyou Monday afternoon following two rapid succession accidents.

State police reported cars had skidded sideways and slid into ditches, but traffic was soon straightened out. Minor injuries resulted from both accidents.

A Longview, Wash., family of three was treated at the Ashland Community hospital and released. Injured were the driver, Lourette Fern Burkhardt, 53, of 2728 Florida st., Longview, her husband, Jack, 53 and daughter, Connie 17.

They were taken to the hospital by a passing motorist. The Burkhardt car was headed north when it lost control on the snowy highway and went over a bank where it hit a tree, police said.

Two more persons suffered minor injuries when their car was struck by one driven by Sam Allen Davidson, 23, of Seattle, Wash.

The driver, Clara Mae Smith, 59, of South San Francisco, and her passenger, Lucy Smothers, 69, of Bellflower, Calif., were taken to the Ashland hospital, treated and released.

Bulletin

New York — (UPI) U. S. Steel Corp. today announced a selective price increase of approximately \$4.85 per ton on 29 per cent of its steel products.

The spokesman said President Kennedy and Secretary of State Dean Rusk had said "many times that we could not tolerate the continued presence of Soviet troops in this hemisphere." White said he knew of no change in that policy.

Airliner, Tanker Have Near Mid-Air Collision

Chicago — (UPI) — Continental Airlines said today a jet airliner carrying 61 persons had to take sudden evasive action 29,000 feet over Nebraska to avoid colliding with an Air Force jet tanker.

Both Continental and the Air Force said the Federal Aviation Agency had assigned altitudes of 29,000 feet to their planes.

The FAA in Washington said it was investigating the near collision.

It was the second near miss involving an airliner and an Air Force jet within a week. An American Airlines Electra had to dive April 8 to avoid hitting an F101 Voodoo jet fighter near Syracuse, N. Y., and five passengers were injured.

Continental said pilot William Hart was flying the Los Angeles to Chicago 707 Boeing jet over Grand Island, Neb., Monday when he saw that he was on a collision course with a KC135A jet tanker cruising at the same altitude.

Hart threw his jet into a sharp, climbing left turn, allowing the jet to pass under his wing, Continental said. He had no time to sound a warning, but none of the 53 passengers or eight crew members was injured.

Jackie Expects August Birth

Washington — (UPI) — News that Jacqueline Kennedy is expecting her third child took Washington by storm today. It had been one of the White House's best kept secrets — better than some national security council meetings.

Rumors had been floating in the capital for some time that the first lady was pregnant. But mum was the word among the Kennedys' intimate friends and associates.

With her sense of history and her love of children, Mrs. Kennedy has long cherished the idea of be-

coming a mother again while living in the White House. Her baby will be born in August in Washington.

When she returned to Washington from Palm Beach, Fla., following the Christmas holidays, the 33-year-old first lady's social activities were severely cut down. She has limited White House social doings to the "musts" prescribed by protocol, totaling three formal dinners and two receptions.

Mrs. Kennedy will be the second first lady to have a baby while living in the White House. She was preceded 70 years ago by Mrs. Grover Cleveland, who bore Esther Cleveland in September, 1893, shortly after her husband was inaugurated. Another Cleveland daughter, Marion, arrived in July, 1895, before her father left the presidency.

The announcement means President Kennedy and his two brothers — Atty. Gen. Robert F. Kennedy and Sen. Edward M. (Ted) Kennedy (D-Mass.) — all will be fathers again this year.

Robert's wife, Ethel, is expecting their eighth child, and Ted's wife, Joan, is carrying their third.

With the birth of the President and Mrs. Kennedy's next child, there will be 23 grandchildren of the chief executive's parents, former Ambassador and Mrs. Joseph P. Kennedy.

Two Admit Killing North Bend Man

Pittsburgh, Pa. — (UPI) — Allegheny county detectives today disclosed that a teen-age San Francisco girl and her male companion have confessed bludgeoning a man to death on the West Coast last month and disposing of the body in the Pacific Ocean.

Authorities here said Rosalee Eaton, 19, San Francisco, and Clarence Eugene Parker, 40, Texarkana, Ark., admitted the crime.

The victim was identified as Richard Dennis McCutcheon, 28, North Bend, Ore. It was reported that on March 29 he had given Miss Eaton and Parker a ride in his car when he saw them hitchhiking outside Eugene, Ore.

According to the detective bureau, the two suspects dumped McCutcheon's body into the Pacific near Ventura, Calif., late on the night of March 30. They then took the victim's automobile and identification cards and financed a cross-country trip through 13 states using McCutcheon's credit cards, detectives said.

Smith sprinted east on Ridgeway ave., firing as he went. He hid behind some shrubbery in a yard at 711 Waverly st. Hall opened fire with his service revolver, after having radioed for assistance.

As the youth left the cover of an evergreen tree, Hall fired his fifth shot and Smith fell, but managed to pull himself partly under a hedge.

Lt. Jack McMillan arrived to take charge. Together with other officers, they closed in on Smith. An ambulance was immediately called, but he was dead on arrival at the hospital.

Investigations have revealed today that Smith arrived in the valley sometime Saturday. He spent Saturday and Sunday nights in two Medford hotels. Friends of his in Ashland are being questioned today about his activities over the week end.

He has been identified positively as Roy Charles Smith, whom officers believe may be a member of the U.S. Army stationed at Ft. Ord, Calif. Smith was pronounced dead from two bullet wounds upon arrival at Sacred Heart hospital shortly before 3 p.m.

City police were called to the grocery about 2:16 p.m. yesterday by the proprietor, Mrs. Edith Lindley, who said someone had just attempted to hold her up.

Officers William Hall and Robert Allen arrived at the grocery about 3 minutes later. While Allen questioned Mrs. Lindley, Hall began to cruise the neighborhood, looking for the suspect.

Mrs. Lindley told Allen the man had come into the store, paused by the bread rack, and then turned to her, displaying a long-barreled revolver, which she thought at first was a toy.

"I'm out of work," the crew-cutted youth said. "This is a hold-up. Give me your cash."

Mrs. Lindley said she backed to the doorway of her living quarters and said, "You better not do that. My husband is in the back room."

Upon hearing that, she said, the bandit bolted out the door and fled north on foot.

The superintendent said the hospital is presently operating with 80 fewer staffers than are provided for in the budget.

The hospital is one of many state agencies that are presently operating on reduced budgets to keep the state from going into the red for the balance of the current biennium.

Dr. Brooks said there were staff vacancies in dietary, maintenance, nursing, and medical care classifications.



ROY CHARLES SMITH Killed in Gunfight



OFFICER WILLIAM HALL Fires Five Shots

California Youth Dies of Wounds in Gun Fight in City

An 18-year-old youth from El Monte, Calif., was shot to death by a city police officer in a gun battle yesterday afternoon following an attempted holdup of the Spring Street grocery, 1012 Crater Lake ave.

Slain was Roy Charles Smith, whom officers believe may be a member of the U.S. Army stationed at Ft. Ord, Calif. Smith was pronounced dead from two bullet wounds upon arrival at Sacred Heart hospital shortly before 3 p.m.

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Package Includes One Per Cent Tax Starting at \$500

Graduated Rate After Deductions

Salem — (UPI) — A \$34 million modified net receipts income tax bill was tentatively approved by the House Tax Committee Monday. It could win final committee approval in time to reach the floor on Friday.

The new revenue package includes a one per cent net receipts tax on all earned income of \$500 or more up to \$16,000, and a 1.5 per cent net receipts tax on income above \$16,000. No deductions would be allowed for the net receipts part of the tax.

No Federal Deductions A graduated rate would apply to the amount of income remaining after deductions. There would be no federal tax deductions, nor would there be deductions for state and local taxes, federal transportation and communications taxes.

The standard deduction would be increased from 5 per cent to 10 per cent, and all medical expenses would be deductible. Present law allows medical expenses in excess of 5 per cent of adjusted gross income.

After the tax was computed \$22 would be deducted for each personal exemption. At present a \$600 dependency exemption is allowed before the tax is computed.

Greatest impact, percentage-wise, is on the lower income brackets, because at present they pay little or no tax. Under the net receipts feature, everyone with an income over \$500 would pay at least one per cent regardless of the number of dependents or other deductions.

While federal taxes would not be allowed as deductions from the state tax, the state tax still could be deducted from the federal income tax.

For example, a family of four with a \$5,000 income now pays a state tax of \$58, a federal tax of \$408, for a total of \$466. Under the new proposal, the family would pay \$81 state tax, \$404 federal tax, for a total of \$485, or an increase of 4.1 per cent.

A family of four with an \$8,000 income pays \$172 state tax, \$938 federal tax, for a total of \$1,110. Under the new tax the state total would be \$230, federal \$925, for a total of \$1,155, or an increase of 4.1 per cent.

The same family with a \$25,000 income would pay two per cent more than at present.

Portland Building Damaged by Flames Portland — (UPI) — A three-alarm fire here today damaged the Gilsonite Roof Products Co. building here Monday afternoon.

The blaze caused an estimated \$60,000 damage to the one-story concrete structure. Its cause was under investigation.

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RECEIVE AWARDS—Charles C. Hoover, left, and Terry D. Green display trophies received last night from the Medford Junior Chamber of Commerce at the annual Distinguished Service Award banquet.

Green, Hoover Get Awards From Local Jaycees at Banquet

Terry D. Green, 1359 Siskiyou blvd., was named junior distinguished citizen of the year, and Charles C. Hoover, 2095 Gregory rd., was honored as senior distinguished citizen of the year at last night's annual Medford Junior Chamber of Commerce DSA banquet.

Dr. Doug Phillips, last year's winner of the junior DSA award, presented the plaque to Green, noting that the three candidates for the award were "all winners, all deserving."

Dr. Elliott Beckon, who won the senior DSA award last year, handed the award to Hoover. He referred to Hoover as a latter day "Johnny Appleseed" in reference to Hoover's countless donations of trees to youngsters in the area.

Featured speaker of the evening was Eric W. Allen Jr., managing editor of the Mail Tribune.

Allen took the theme for his address from the Christian precept, "Do unto others as you would have them do unto you."

While it is true that the evil that men do lives after them, Allen conceded, it is perhaps more significantly true that the good men do can live after them too.

"In doing good for others," Allen said, "we are ultimately doing good for ourselves." The speaker denied that idealism is unrealistic or impractical, but rather pointed out that in terms of the ultimate betterment and welfare of man, a positive idealism is the only practical approach to the ills and problems of mankind.

Allen said there was real cause for optimism, despite such enormous problems as the threat of nuclear war, the population explosion, automation and increasing unemployment.

"There are millions upon millions of people, the world around, who are doing their utmost to bring order out of chaos, and safety out of danger; to deal justly with their fellows, to broaden freedom, to widen opportunities for all men," Allen said.

The banquet, which was held at North's Chuck Wagon, was attended by about 125 Jaycees, their wives and guests. Master of ceremonies was Richard Frey, president of the Jaycees.

Washington — (UPI) — The Kennedy administration cracked down today on what it called Cuban exile efforts to drag the United States into war over Cuba.

In an unusually harsh statement, the State Department accused Dr. Jose Miro Cardona, president of the Cuban Revolutionary council, of "gross distortion of recent history."

It said Miro was demanding commitments that "almost certainly" would bring war, and the United States did not intend to put its foreign policy at the mercy of foreign refugees.

The statement was issued Monday night in reply to reports from Miami that Miro had accused President Kennedy of breaking promises for an invasion of Cuba and of adopting an attitude of "peaceful coexistence" with the Fidel Castro regime.

Ex-Wyoming Senator Dies at Pendleton Pendleton — (UPI) — E. V. Robertson, 81, former Republican U.S. Senator from Wyoming, died in a hospital here Monday after suffering a heart attack.

Robertson, who had moved to Baker, Ore., from Cody, Wyo., five years ago, served in the Senate from 1942 to 1948.

Beaverton Man Saved From Cave-in Portland — (UPI) — A gritty man who told rescuers "I'm not dead yet" after being taken from a sewer cave-in was reported in an improved condition at a hospital today.

Alvin M. Gephord, 51, Beaverton, Ore., was trapped for nearly two hours under eight feet of dirt in the cave-in here Monday.

"It's a miracle that he's alive," a spokesman for the Oregon Industrial Accident Commission said. "We just got to him in time."

Gephord suffered a broken pelvis and possible internal injuries. Firemen, police and public works rescue squads dug him out. When they finally uncovered him, they found him hunched forward, face down, his mouth only inches away from the end of a buried length of sewer pipe.

"That pipe saved him," a fireman said. "Somehow he must have got air from it or it formed some kind of air pocket."

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