

DEATH, PIRACY PLAY ROLES IN PACIFIC DRAMA

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noon the Aafje sailed out of San Pedro, December 20, bound for Catalina Island, 20 miles distant. Aboard, besides Faulding and Morgan, who had chartered the yacht, were Faulding's fiancée, Mrs. Gertrude Turner, and her 8-year-old son, Robert; Mrs. Morgan, an expectant mother; her nurse, Miss Elsie Berdan; Robert Horne and George Spornak, amateur crewmen.

Three Shots
Faulding at the helm, heard a terse order. "Get away from that wheel, I'm taking command here."

It was Morgan, emerging from the shadow of the hatch, Chief Agent Hanson said. Faulding started toward his adversary. Three bullets from a revolver poured into the yachtman's body.

Late that night, while his companions feared for their own lives, Morgan had Faulding's body dropped overboard.

"I don't know what came over Jack," Mrs. Morgan told investigators. "He seemed to go crazy. After he killed Faulding he ran the boat with an iron hand and we were in terror."

Former Houseboy
Morgan, a former houseboy in Los Angeles apartment buildings and hotels, pointed the nose of the 83-foot schooner south. He stayed at the wheel, taking only estuaps. Before he would go to sleep, he forced his wife to take control and she obeyed.

A revolver was always ready. He was abusive to the crew, they said. At times some were locked in various cabins. They could only guess at Morgan's ultimate purpose, but investigators theorized today that he had a vision of establishing a colony of some kind in the south Pacific.

With the Aafje provisioned for a two-day cruise, Morgan put his companions on rations, apparently intending to stop at small ports along the Mexican coast for supplies.

Five hundred miles southwest of San Pedro and five days after departure, violent death struck again.

"Horne and Spornak, abused members of the crew, were working near the wheel of the yacht," Chief Agent Hanson said they told him.

"Horne saw his opportunity. He picked up a mallet like Morgan over his head, crushing his skull, and with the aid of Spornak, tossed the man overboard."

"They do not know whether he was dead or not."

Hoping to reach the mainland under sail, conserving fuel for the auxiliary engine in event of a storm, the survivors turned back.

On the morning of December 29, one painted an "SOS" on the mainsail. The distress signal was sighted by a navy flier from San Diego, who summoned coast guard aid.

"Had to Obey"
Towed by the cutter Perseus, the Aafje, her sails natively furled and her decks shipshape, arrived here late yesterday.

Immediately after, Horne and Spornak had admitted their part in Morgan's disappearance. U. S. Attorney Benjamin Harrison announced they would be held for further investigation. Held also as a material witness, Mrs. Morgan explained her part in allegedly keeping the others at bay while her husband slept.

"I couldn't help myself. I was in deadly fear of him. When he wanted to lie down for a nap he would hand me the gun and insist that I keep the others under control. I had to obey."

Church News

The Seventh Day Adventist church, located at 533 North Ninth street in Klamath Falls, will present an unusual service New Year's day, Saturday, at 11 a. m. The subject for the hour, to be presented by L. M. Seltzer, the pastor, is "Resolutions—Shall We Make or Break Them?"

"Some people can make good resolutions on Wednesday and Thursday and have them all trampled under foot by the following Saturday," Seltzer said. "The sermon Saturday will be of help to many who are interested in knowing what some of the more important resolutions may be."

He added further "It is not that we want to make a big spurt of intentions but that we want to know how we can do those things which we purpose to do."

The meetings for the week are as follows: Wednesday night, January 5, the mid-week prayer meeting will be conducted by Curt Rogers, the newly-elected elder of the church. A new corps of church officers will take office next Saturday, and a lively missionary program is planned for the new year. A series of Friday and Sunday night meetings is to begin in the church January 9 at 8 p. m. The public is invited.

Seltzer has been stationed here as pastor of the local church by authority of the Oregon conference of Seventh Day Adventists.

COURTHOUSE FILLED BY LICENSE-BUYERS

Last-minute automobile license buyers jammed the courthouse hall Friday afternoon.

The day's sales by the sheriff's office of temporary permits were expected to exceed 500. Thursday 300 motorists placed \$5.25 on the line for temporary permits.

The queue stretched from the license counter in the tax office to the door of the county clerk's office at 2 p. m. Friday.

State police have warned motorists that those who have not applied for plates will not be permitted to operate their cars on the highways.

WILLAMETTE FLOODS REDEE; COLD FOLLOWS

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Lake left by Johnson creek's rampage earlier in the week had not run off from houses in southeast Portland. The danger was removed in the Nehalem valley along the coast where 10 families were isolated.

Danger fell with the river at Oregon City. Sand bag barriers were erected at paper mills and along waterfront streets yesterday.

The West Side Pacific highway was closed at Onion Flat bridge 15 miles from here. Detours were available.

The weather bureau predicted clouds and light rains tonight and Saturday in the northwest portion.

PORTLAND, Dec. 31 (AP)—Robert H. Kipp, secretary of the Willamette valley project committee, predicted \$2,000,000 loss today from floods.

"We have found that the flood current is carrying away hundreds of acres of the richest land in the Willamette valley, worth up to \$500 an acre," he said.

"Conclusive Evidence"
"It is being carried to sea and can never be replaced. The Willamette river in a rage is itself giving the last and conclusive evidence on which the army engineer board may base a favorable report to congress for immediate adoption of the Willamette flood control project."

The board, which first rejected the proposal as not "economically necessary," held a new hearing at Salem recently.

Farmers and county courts have messaged stories of damage to Kipp, who will send reports and pictures to Washington, D. C.

ONLY MINORITY GOAL OF F. R.'S TRUST-BUSTING

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as it must if a democracy is to endure."

"Here in America," he said, "it is the old struggle between the power of money and the power of the democratic instinct."

"In the last few months this irreconcilable conflict, long growing in our history, has come into the open as never before, has taken a form and intensity which makes it clear that it must be fought through to a finish—until plutocracy or democracy, until America's 60 families or America's 120,000,000 people—win."

Ask Greater Cooperation
Some legislators expressed agreement with Ickes' views, but others in both major parties, commenting on his speech, called for greater cooperation between government and business.

The address followed two denunciations of "big business" by Robert H. Jackson, head of the justice department's anti-trust division, who with Ickes was a guest on President Roosevelt's recent fishing trip off the Florida coast.

These addresses have created widespread speculation over what President Roosevelt would say in his annual message to congress Monday.

Plainly Worded
One cabinet member, after a White House meeting yesterday, said the message—unless changed during the weekend—would be plainly worded but would be more temperate toward business than the Ickes and Jackson speeches.

In the background of all speculation over the president's attitude was the current business downspin and what it may mean politically to those who support and those who oppose administration recommendations.

CHINESE ABANDON FLAMING TSINGTAO TO JAPANESE

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the foreign vigilantes was to prevent damage to foreign property.

The departing Chinese units started a dozen new fires. A Japanese silk factory and a Japanese tobacco company building were among the structures in flames.

There were no new explosions during the day and the foreign vigilantes expressed the belief that all Chinese dynamiters had fled.

Arrival of Japanese forces was expected momentarily.

Only two hours before the devastation squads of soldiers and marines followed General Shen Hung Lieh out of the city, word reached Shanghai that Chinese legions 100 miles to the west were fighting desperately to stem the Japanese advance long enough for destruction of Japanese Tsingtao properties to be completed.

A heavy engagement was reported in progress near Welhsien, important railway point. Once Japanese occupied that city their entry into Tsingtao itself was expected to come within a short time.

JOB INSURANCE ENTERS EFFECT IN 21 STATES

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District of Columbia will begin unemployment programs in January are:

Alabama, Arizona, California, Connecticut, Louisiana, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia and West Virginia.

Reserve Built Up
Some other states will begin the payments later in 1938, and all systems will be in operation in 1939.

The delay in beginning the system in some states was due to requirements that a state must levy taxes for one year to build up a reserve fund before beginning payments.

The states where the payments become effective tomorrow have a total reserve of \$437,800,000 with the federal government.

The social security act levied a tax of one per cent on wages paid by employers covered by the unemployment insurance provisions for 1935 and two per cent in 1937. Next year the tax goes up to three per cent. The act provides, however, for employer to get credit up to 50 per cent of the tax for contributions made to state unemployment funds.

Tax Rates Vary
All states now have unemployment compensation laws, but their tax rates and benefits vary. In general they are devised to provide benefits ranging from \$5 to \$15 a week.

The old age pension provisions of the act allowed a period for accumulating a reserve, just as did the unemployment insurance section.

Under these provisions, no old age benefits will be paid until 1940. This year the tax to build up this reserve was two per cent—one per cent of the employee's wages, up to \$3,000, and one per cent payable by the employer. Already more than \$240,000,000 has been collected.

The tax remains the same in 1938 and 1939 but will be increased one-half of one per cent on both employer and employee in 1940.

OVER 200,000 MEN ENGAGED IN ENCOUNTER

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with practically all equipment used in the Asturias campaign.

Bank Building Mined
It was reported government troops occupied the Bank of Spain building in Ternerl yesterday after mining it. They took few prisoners, the report said, as a majority of the defenders were killed in the fighting and the explosion. A short wave radio transmitter was found.

Latest advices said government troops captured the whole front part of a block of houses overlooking Plaza San Juan. The insurgents still were holding various civil buildings and a hospital.

Government troops broke into the courtyard of the convent of Santa Clara, where a water reservoir had been blocked earlier. The insurgent defenders were reported to have retreated through the convent basement to underground passages. The convent was afire.

ITINERANT SERVICE OFFERED JOBLESS

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SALEM, Jan. 1—The state employment service this week announced an itinerant service to enable eligible unemployed workers in small towns and rural districts to register for employment and file their claims for unemployment.

CARNIVAL NEW YEAR'S EVE DANCE

MALIN
Fri., Dec. 31st
Sponsored by
Business Men of Malin

Potatoes

SAN FRANCISCO, Dec. 31 (AP)—Potatoes: three cars California, one Oregon arrived, eight unbroken, 18 broken cars on track, market steady, almost too few sales to quote; prices unchanged.

LOS ANGELES, Dec. 31 (AP)—Potatoes: fifteen cars California, nine Idaho, Nevada, three Oregon, one Utah, arrived, 41 unbroken, 35 broken cars on track, by truck four California, one Utah arrived; supply moderate, demand slow, market steady; Idaho Russets No. 1, \$1.20-1.22 1/2.

Too Late to Classify

LADY—Refined, experienced, would like housework; prefer without children. Phone 1867R. 1-4

FOR RENT—Furnished four room apartment. Wood and water furnished. Adults. No pets. 1126 Grant. 1-5

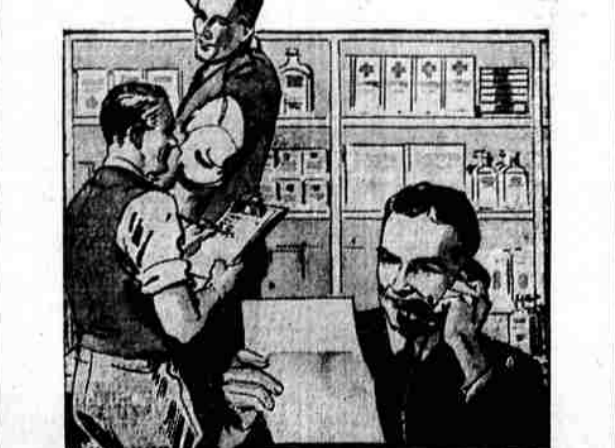
LOST—Lady's white gold Bulova watch. Reward. Phone 1092J. 1-4-38

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THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY
126 S. 7th St. Telephone 200

CITY READY FOR NEW YEAR'S EVE CELEBRATION

(Continued from Page One)

din will greet the arrival of "Baby 1938". The Southern Pacific's siren will lead the noise parade.

At the state liquor store Friday afternoon it was apparent a great many people intended to help the celebration spirit with a little liquid stimulant. Manager Tom Ingram said that the store was having a busy day, although sales would be only about 50 per cent of the all time record set December 24.

New Year's day will find private business houses generally closed. Doors of all public offices, except the police station, will be closed.

Celebrants will find the out-of-doors cold. Temperature dropped to 24 degrees here Thursday night and appeared likely to fade down to some such point at the turn of the year.

The Herald and News will publish regular edition on New Year's day and Sunday morning. These will include a special 1937 review supplement.

Public Wedding
Members of the Eagle lodge of Klamath Falls will usher in the New Year with a dance and a public wedding to be a feature of their program on Friday night. The public is invited to the affair and as an added feature the drum corps will be out in full dress.

Prior to the celebration and wedding the drum corps will parade through the streets and go through their paces. Names of the wedding participants will not be announced until after the celebration.

The bridal couple will receive gifts from various merchants in the city. The affair will be held in the new Eagle hall, Fifth and Main streets.

Vital Statistics

BIRTHS
KEILSMEIER—Born to Mr. and Mrs. Ben Keilsmeier at 2347 Darrow street, December 31, at Klamath Valley hospital, a son. Weight 7 pounds, 3 ounces.

Editorials On News

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a sharp and well-seasoned fish-bone or a splinter from the shins of a deer."

The stripes, he says, were about a half inch wide, the center one extending from the lip to the bottom of the chin, while the outer ones extended from the corner of the mouth downward.

JACK ALMETER, it will be recalled, places the "H" mark on the chin as a "brand" applied to Modoc girl babies in the old

slave-trading days. The boy babies, he says, were marked by a hole in the center cartilage of the nose.

The purpose of these marks was to make possible identification of Modocs captured as children and enslaved by their captors, and subsequently retaken by their own people.

This explanation was given to Mr. Almeter by Indians living on the Klamath reservation.

Visits at Fort—Mrs. Walter Jeschke of this city spent Tuesday at Fort Klamath visiting with her daughter.

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1923--1938
"Watch the FORDS Go By"

FIFTEEN different Fords, from Model T to the new 1938 models, have gone through our doors. The progress of these years has seen our organization grow from 5 to 105 employees.

THE growth of this company is not solely due to any one man, but to all the employees. During this year we have increased our floor space to 80,000 square feet, to better serve our customers.

Wishing You All a Very
Prosperous 1938
From the Whole Gang
Balsiger Motor Co.

Greetings from
Lost River Tavern
OLENE
Chicken Feed—Saturday,
January 1st
Dancing by
Jack Stuart's Music Wranglers