Missing Banker Returns To Face Frantic Depositers

CLIO, Ala. (AP)—Royal Reynolds the missing banker, came back home last night to a bewildered community that has lived in fear of financial ruin since he left 12 days ago.

The 40-year-old businessman said he drove home from Virginia after being "cut" by an article on his disappearance in a Roanoke newspaper.

Both he and his wife, who left with him March 7, denied any wrongdoing, although neither made statements explaining their absence.

Reynolds turned himself in to Deputy Sheriff W. D. Anderson at nearby Clayton and was released in $7,500 bond. The bond was signed by his 72-year-old father, R. W. Reynolds, who had offered his life savings of $25,000 last week to relieve penniless depositors in the Merchants Exchange.

Reynolds, president of the unchartered institution, is accused specifically in three warrants of embezzling about $1,800 from two depositors, but it was estimated the town faced a loss of between $80,000 and $100,000 by his disappearance.

Reynolds' wife Sue sobbingly told a reporter by telephone soon after their return that charges against her husband were "lies."

"It'll all be cleared up. He didn't steal anything," she sobbed.

Reynolds himself was quoted by Solicitor Crews Johnson of Barbour County as saying, "I'm not guilty of anything in the world."

Mayor Dan Easterling said Reynolds and his wife returned to this community of 900 with missing records of the exchange.

Frantic depositors had been unable to get at $81,800 left by the exchange in the First National Bank of Atlanta because officials had no idea how the money should be divided.

Easterling said he did not know how much money Reynolds had with him last night, or how complete the records are. But the books are now in safekeeping, the mayor added.

As word of Reynolds' return spread last night, a crowd of about 200 milled outside the mayor's office. There were angry mutterings but no threat of violence.

The townspeople met in an emergency session a few days after the trusted banker left, and issued an appeal for him to come home or at least return the exchange records. They promised not to prosecute if he sent them "any of the money that is left" and the record books.

About 150 families were affected. Merchants had no money to restock when the supply on their shelves was gone, and farmers couldn't buy seed for spring planting.

Portland Zoo Gets Inmates

PORTLAND (AP) — Three orphaned cub bears, 68 Pacific rattlesnakes and a bird that looks like a penguin have their new homes at the city zoo.

Jack Marks, zoo superinendent, got the bears and the snakes on a trip to White Salmon and Bingen, Wash. The Washington Game Commission gave him temporary custody of the bears, whose mother recently was shot by a hunter. The snakes were the gift of a Bingen man whose hobby is hunting them.

Marks feeds the cubs, about six weeks old, milk from a baby's bottle.

The bird, which looks like a penguin but really is a murre, walked into Mrs. Ray Tyner's home when she opened the door Thursday morning. Murres are uncommon here and it was believed some one brought it in a car from the coast, where the species is often seen.

Anyway, Mrs. Tyner gave the bird a breakfast of smelt and a bath, called the neighbor children to see it, then sent it off to the zoo.

Portland Hears Water Proposal

PORTLAND (AP) — The Oregon Water Resources Committee heard again Thursday a proposal for creation of a state water resources board with sweeping powers to control allocation of water uses.

Agriculture, power and sportsmen's groups made the proposal at a hearing here. The committee heard similar pleas at recent upstate hearings.

Ike Victorious In First Round of Tax Cut Battle

By JOE HALL

WASHINGTON (AP) — President Eisenhower chalked up a big victory in House passage yesterday of a major tax revision bill without a personal income tax cut he opposed, but an even tougher fight was shaping up in the Senate today.

With party lines holding unusually firm, the House beat down 210-204 a Democratic move to slash income taxes $2,400,000,000 a year by raising the personal exemption for each taxpayer and dependent from $600 to $700.

The President went to the country by television and radio Monday night to urge defeat of this proposal. He said it was politically inspired and would be a serious blow to the government's finances, even endangering national defense.

The whole tax issue is certain to be aired at length in the coming campaign for control of Congress. There were sharply varying appraisals of yesterday's House action.

Rep. Kirwan of Ohio, chairman of the Democratic Congressional Campaign Committee, said that as a result he has raised from 45 to 60 his estimate of anticipated Democratic gains in the House counterpart, Rep. Richard M. Simpson of Pennsylvania, replied that the tax action will bring votes to the GOP. He predicted Republican gains of 25 House seats.

BATTLE SHIFTED

As the battle over the higher exemption proposal shifted to the Senate, the administration appeared to face an even tougher fight than it had in the House.

One GOP Senate leader conceded privately he believed the $100 increase in exemptions would pass the Senate, where there are 48 Democrats to 47 Republicans. In that case, the final version would have to be worked out in a conference between the two branches.

Just before the House vote yesterday, Republican Leader Halleck of Indiana implied in a speech that Eisenhower would veto the revision bill if the Democratic proposal won.

In the showdown, only 10 of the 211 Republicans voting supported the exemption increase. Nine Democrats opposed it as compared with 193 who voted "aye." The lone independent voted for it.

The House afterwards passed by a 339-80 vote the 875-page tax revision bill to which the Democrats had tried to attach the reduction in income levies.

This measure would rewrite the entire tax code for the first time in 70 years. It covers such a broad range of subjects that Senate floor consideration of it may not come for two or three months.

DEMOCRATIC ASSET

Senate Democrats believe they have a big asset in that veteran Sen. George (D-Ga), dean of the Senate, is leading the battle in that branch for the boost in exemptions.

George is the Democrats' leading tax expert and has been considered a conservative in financial matters.

His plan would boost exemptions to $800 for this year, at a revenue cost of 4½ billion dollars, and $1,000 in 1955 and thereafter, with an annual revenue loss of 8 billion.

George said in an interview today he knew of some firm support for his proposal on the Republican side.

"A lot of them would like to go along," he said. "But the administration will put the pressure on them and try to keep them in line."

The Finance Committee met again today in closed session to try to report out a House bill to cut 25 excise taxes by a total of 912 million dollars.

The administration opposes the reduction but indications were the committee would not restore any of the revenue knocked out by the House.

TAX CUT COST

The permanent revision program in the general tax bill would cost about $1,400,000,000 in revenue the first year. Democrats say the loss would mount to 3½ billions when all provision take full effect; Republicans dispute this.

The bill would permit corporations to make bigger depreciation deductions during the first years of use of plant and equipment. It also would cut taxes on dividends paid to stockholders.

It would carry a wide variety of fringe benefits for individuals, including increased deductions for medical expenses, deductions for child-care expenses of working widows, deductions to farmers for soil conservation expenses, dependency deductions for college students even though they earn more than $600, and additional deductions on retirement income.

Another provision would extend for a year from April 1 the present 52 per cent corporate income tax rate. Under present law it is due to drop to 47 per cent at the end of this month, which would mean a revenue loss of $1,200,000,000.

Moderate Quake Hits S. Calif.

LOS ANGELES (AP) — A moderate earthquake centered in the desert east of here awoke Southern Californians from Ventura to the Mexican border Friday but only minor damage was reported.

California Institute of Technology seismologists said it was apparently centered 120 miles east of nearby Pasadena, which would be in the vicinity of Twentynine Palms.

The shock, timed in San Diego at 1:54:51 a.m. (PST), was felt strongly in Riverside, San Bernardino and El Centro.