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and

# The Highlands Maconian

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### An Official Explanation Needed

**CHARGES** by Ralph W. McDonald, candidate for governor, concerning a debt settlement made by Don S. Elias with the Central Bank and Trust Company, of Asheville, under the approval of the State Banking Department, warrant a full and official explanation without regard to political consequences.

The matter involves not only the interests of depositors and other creditors of the closed bank, but also a question as to the policies of the State Banking Department. There may be a sufficiently good reason for approval by the banking authorities of a settlement of an indebtedness listed at more than three-quarters of a million dollars for less than five thousand dollars. Possibly the records may have been interpreted mistakenly. In any case, the public naturally demands and is entitled to clarification of the whole matter.

Publication of Dr. McDonald's charges in a news article in the Raleigh News and Observer on June 21 brought to that newspaper a formal notice from the Asheville Citizen-Times, through Charles A. Webb, president, and from Mr. Elias, vice president personally, a formal notice that the McDonald statement was "false, libelous and without foundation of fact."

Replying publicly in its issue of June 28, the Raleigh newspaper said its right to publish political news freely and in good faith had been challenged. It disclaimed for its own part any intention of inferring collusion or political favoritism, or of insinuating that the Elias debt settlement was responsible for the opposition of The Citizen-Times to the candidacy of Dr. McDonald. Reporting on the findings made by staff members, assisted by a special auditor, in an examination of official records, the Raleigh newspaper said:

"In the statement of Dr. McDonald, alleging favoritism, the total indebtedness of Don S. Elias to the Central Bank and Trust Company was listed at \$743,000. The records show that it was \$755,499.06.

"In the McDonald statement, the settlement approved by the State Banking Department, was referred to as \$6,000—of which \$1,200 actually was paid. The court records show that the settlement of the \$755,499.06 obligation was for \$4,800, of which \$1,500 was paid.

"The News and Observer gladly makes these corrections.

"The proposal for the settlement as outlined above was contained in a letter addressed to Judge Thomas L. Johnson by Don S. Elias under date of November 29, 1932. Judge Johnson was a member of the Advisory Committee on debt settlements for the Central Bank and Trust Company, other members of which were: Gilbert T. Morris, and Judge Junius G. Adams.

"The firm of Johnson, Smathers and Rollins, the Johnson of the firm being Judge Thomas L. Johnson, were attorneys for the petitioner Gurney P. Hood. Upon petition of Commissioner Hood following approval of the proposed compromise by the Advisory Committee on Debt Settlement, together with the approval of S. J. Hinsdale, local liquidating agent, the compromise was ordered accepted by Superior Court Judge P. A. McElroy on December 23, 1933.

"While Dr. McDonald's statement did not mention Charles A. Webb, president of the Asheville Citizen-Times Co., his name and the name of his wife, Mrs. Jessie C. Webb, were brought into the article in question by A. T. Burns, liquidating agent of the Central Bank & Trust Company who issued a statement on behalf of Gurney P. Hood and the Banking Department denying that the Department had been guilty of favoritism.

"As to Charles A. Webb and wife, the records of the Clerk of Superior Court of Buncombe County disclose total indebtedness to the Central Bank & Trust Company of \$61,982.68 and a compromise of this indebtedness for \$3,400 paid in cash.

"It is of record that the Asheville Citizen-Times Company was indebted to the Haywood Street office of the Central Bank & Trust Company in the amount of \$12,000, November 19, 1930, the date of the closing of the bank. The indebtedness was composed of two notes, both of which were hypothecated by the Central Bank & Trust Company at November 19, 1930.

"Commissioner of Banks, Gurney P. Hood, is authority for the statement that the notes are not now among the listed assets of the closed bank and he believes that they have been paid in full.

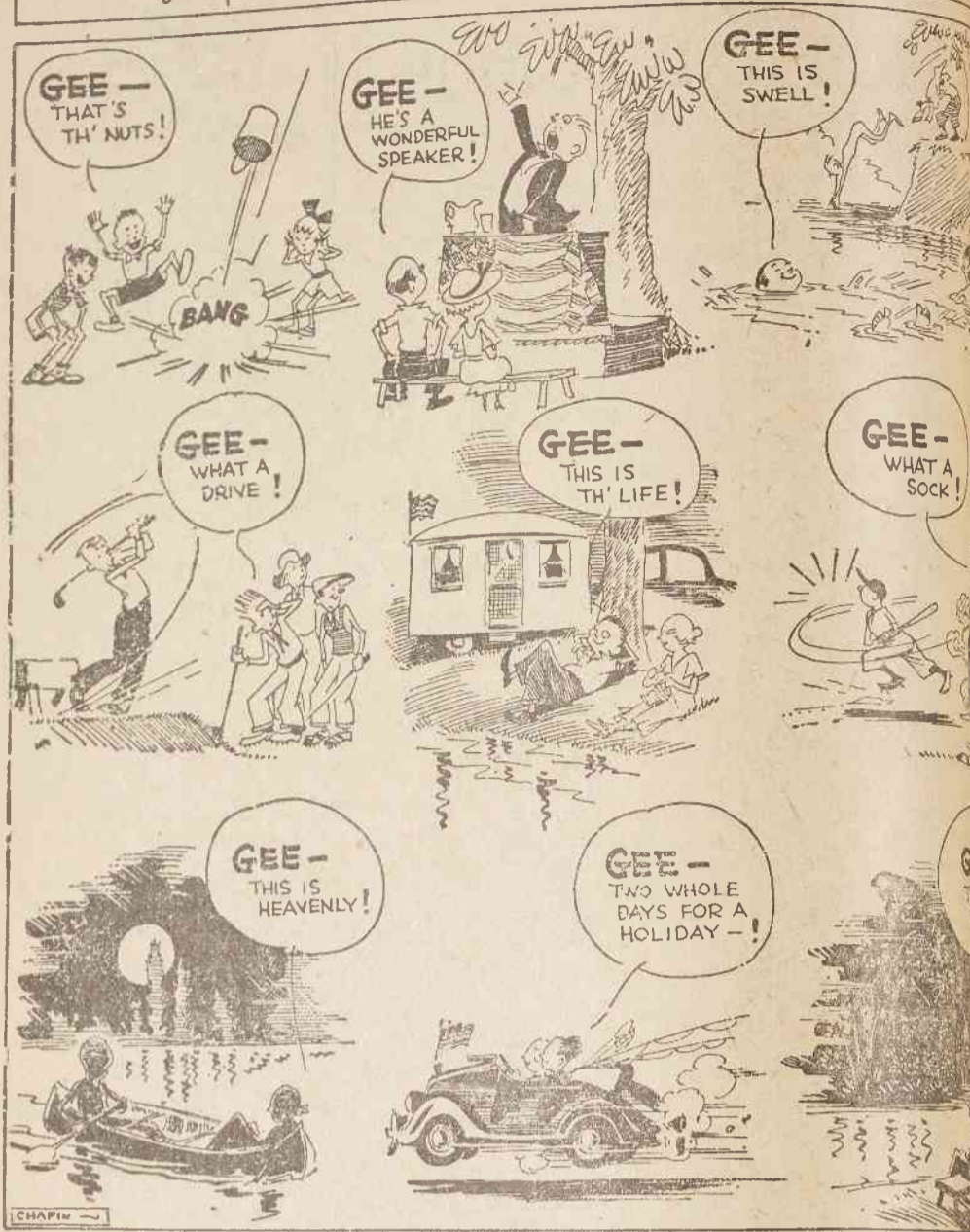
"The News and Observer accordingly is glad to retract that part of the statement by Dr. McDonald, published in The News and Observer in the article complained of, indicating that the Asheville-Citizen-Times benefitted by the settlements referred to as well as any statements or inferences that these papers were influenced in support of any political group by these settlements. For the publication of these inferences and statements herein retracted, The News and Observer expresses its regret.

"Among the other inquiries in his statement, Dr. McDonald challenged the Commissioner of Banks, Gurney P. Hood, to testify to the truth or the falsity of the allegation that T. L. Johnson received more of the depositors' money for assisting in this transaction than the banks actually received on Don Elias' account.

"The News and Observer finds as a matter of record and from reports submitted by Gurney P. Hood, Commissioner of Banks, the fol-

## The Gee-lorious Fourth

by A. B. C.



lowing payments made as attorneys' fees to the firm of Johnson, Smathers and Rollins, Asheville, N. C.:

"November 19, 1930, to December 31, 1931, \$5,110.10; January 1, 1932, to December 31, 1932, \$9,468.54; January 1, 1933, to December 1, 1933, \$5,142.50; January 1, 1934, to December 31, 1934, \$4,870.10; a total of \$24,591.24.

"The annual report of Commissioner Hood for the year ended December 31, 1935 in regard to the Central Bank and Trust Co. was not available for examination in the office of the Clerk of Superior Court in Buncombe County. The records of the Banking Commission in Raleigh show that a payment of \$25 was made to Thomas L. Johnson and specifically listed as for services in connection with the Elias compromise.

"The News and Observer, therefore, regrets the publication of any amount, other than the fee of \$25 as allowed Thomas L. Johnson in the Elias case specifically, and retracts such publication as an error of fact shown by available records.

"Item 4 among the specifications of the McDonald statement involves the charge, the truth or falsity of which the Banking Commissioner was challenged to avow, that 'Don Elias and his newspaper have been and are now supporting Clyde Hoey, the machine candidate, for Governor in return for the manner in which the State Banking Department sacrificed the money of depositors who were not protected by the Gardner ring for the special benefit of Don Elias.'

"Since the settlement of the indebtedness of Don Elias was ordered accepted on December 23, 1932, before it could have been known that either Clyde Hoey or Ralph McDonald would be candidates for the Governorship, The News and Observer specifically disclaims and for its own part retracts any suggestion of collusion or agreement whereby the Asheville Citizens Times or Don Elias was committed to the support of Clyde R. Hoey four years later.

"And this disclaimer and retraction, likewise, apply to inferences in Item 5 of the McDonald specifications wherein it was asserted that brought 'the influence of machine picked lawyers and others to help perpetuate the Gardner-Ehringhaus-Hoey Machine.'

This newspaper does not believe in unnecessarily prying into private business affairs; but this is a matter of general public concern and deserves full publicity, regardless of personalities.

Why did the Banking Department approve the Elias and Webb debt settlements? Was it under the impression that judgments could not be obtained, or, if obtained, would not be worth as much as the comparatively paltry payments proffered by these borrowers in full settlement for their indebtedness? Were such large sums as these advanced by the Central Bank without security? If so, why did not the banking authorities require that something be done about it before it was too late? What were bank examiners for? How many other similar settlements have been permitted by the State Banking Department, not only to debtors of the Central Bank and Trust Company but also to debtors of other banks throughout the state which have closed, bringing ruin to thousands of depositors?

These and many other questions arise in the minds of people throughout the state and will continue to arouse concern and a feeling of insecurity until they are settled once and for all. The State Banking Department, even the state government itself, cannot enjoy the full confidence of the public until these questions have been satisfactorily answered.

Charges such as these cannot be allayed and dismissed with mere accusations of "mud-slinging" against Dr. McDonald, or with threats of libel action against newspapers bold enough to print them.

This newspaper is mighty glad to know that North Carolina has a candidate for governor who has the courage to disclose a situation of this nature. And, too, we are glad that Raleigh's "Old Reliable" still clings tenaciously to its policy of printing the news without fear or prejudice.

### Muse's Corn

#### From Seed

Deep, deep in my soul com  
An everlasting, burnin'  
To go with spring to th  
To smell the rich plow  
To watch it yield  
It's fruits.

Far, far in the north li  
Rough unhewn bark and  
That call me, call me a  
To come with spring as  
To the forests margin  
Today.

Rich, rich is the man th  
A piece of land, his bo  
That he can plant and  
He can rival nature  
And raise what plants  
From seed.

—Edwin C.

87 West Harris St.,  
Atlanta, Ga.

#### My Sunny South

My Sunny South, when  
blue—  
Of hand-clasps warm an  
true—

I love your mountain  
vales;  
Mongolias sweet, and m

I love your cotton-field  
Your blossom-scented,

When evening shadows  
I hear again a bob-wh

Though through the  
grown apart,  
You're still enshrined  
heart.

Oft in my dearms I ha  
And from my heart goe

"Yes, Dixie-land, with s  
All that they say of y  
—Floren

Junction City, Calif.

#### TRAIN CRUSHES AR

Orange, Va.—So a  
watching a baseball  
sitting on a railroad  
Lohr didn't hear the  
until it was upon him.  
in time to save him  
arm was crushed.

#### KILLS FOX WITH H

Kinston, N. C.—Whe  
tered her yard and  
chicken, Mrs. D. T. Jo  
bed up a hoe and s  
killing it.