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CRUSADE AGAINST SKIN GAME FIRMS

Charged With Using the Mails to Defraud

19 ARRESTS ARE MADE

These Were in Towns in Pennsylvania and New Jersey—Among the More Important Defendants is the Chain of Shoe Stores Syndicate, the Pine Heights Company and the Correspondence Institute of America. Arrests Ordered by Postmaster General Hitchcock.

(By the Associated Press.)

Philadelphia, Pa., Dec. 16.—Nineteen arrests were made today in towns in Pennsylvania and New Jersey in the government's crusade against persons accused of using the mails to defraud. The arrests were made by postal inspectors and all the defendants were given hearings before U. S. commissioners and held in jail for trial, or for further hearings, to be ready to answer the roll call when the General Assembly meets in Raleigh in January, and when there is any question for debate, he will be quick to take the floor for what he believes to be the best interest of his State, he county, and his constituency.

HARD-WOOD FACTORY

Enterprise for Wilmington—Will Employ One Hundred Men.

(Special to News and Observer.)

Wilmington, Dec. 16.—Mr. Angus McNeill, a prominent business man of Georgia, has leased the plant of the Kinston Lumber Company and will convert it into a hard-wood factory, the machinery having already been shipped from Georgia. The work of installation will begin at once. Various hard-wood products will be manufactured, but the principal product will be wagon boxes.

According to Postal Inspector McNeill, the Chain Shoe Stores Syndicate was capitalized at \$1,000,000. It has advertised that it was establishing retail stores in large cities; that it was purchasing shoe factories at bargain prices and that the company was able to do business cheaply by eliminating middle men. The Pine Heights Company, however, used the mails to give away and sell at low prices in southern New Jersey which the government alleges are practically worthless.

Conrad Lotz and William Bingham, owners of the Correspondence Institute of America at Seaford, \$1,000 each for further hearing.

Chain Shoe Stores Syndicate—Louis L. Rice, president, Phila.; Andrew C. Patterson, first vice-president, also president Excelsior Trust Company, of Phila.; Edgar Kohl, second vice-president and treasurer, Geo. H. Brooks, third vice-president, Phila.

Each was held in \$1,000 bail for a further hearing.

Pine Heights Company—Robert G. McNease, president, and James Johnson, Ocean City, N. J., waived a hearing and held in \$100 bail each for trial.

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The organization has no connection with the international Correspondence Institute.

Conrad Lotz and Bingham are respectively the president, secretary and treasurer and manager of the Correspondence Institute of America. The postal inspectors allege that this concern procured that six high school students and wrote to them stating that their names had been recommended as those of persons with artistic talents. The amount the Institute offered for 400 courses of art instruction was \$1,000,000 in cash for art classes. It was said that the courses were offered for \$100,000 but there were 800 students enrolling on the books of the concern.

The artists, it is said, were ordered by the Postmaster-General, who has had postal inspectors at work on the cases for a month and a half.

Spanish Needle Swindlers.

Hartford, Conn., Dec. 16.—In G. Shuster, Oscar A. Standiford and Arthur H. Stauder, prominent residents of Palmer, Litchfield county, were arrested and held in jail charged with using the mails to defraud.

Their operations, which are said to have been in several States, are reported to have netted them thousands of dollars.

The swindlers are charged with having been using instruments to make believe wealth, one of the articles being the "Spanish Needle." They were said to have from \$10 to \$15 each and about \$200 are alleged to have been taken in the last year. Charges of sale of obscene literature through the mails also were made.

The men were held in \$1,000 bail for a further hearing.

The arrests caused a sensation in this vicinity. Their reputations were of the highest business standing.

An Arrest in Alabama.

Washington, D. C., Dec. 16.—Information was received late tonight by Postmaster-General Hitchcock and Chief Inspector, charge of the arrest of G. C. Dowd, president of the Alabama Telephone Company, of Fort Payne, Ala., who is engaged in the United States mail for the conduct of alleged transnational enterprises. Department officials say that Dowd is known, while a promoter of various industrial corporations and that he has operated not only in the South but also in the West.

The arrest of Dowd was made by Post Office Inspectors Held and Patterson, who were assisted in their investigation by the United States District Attorney of the Fort Payne division.

The general charge against Dowd is that he used the mails to carry on a transnational mail scheme in which he is interested.

It is alleged that he sent attractive cheques and other advertising matter through the mails to the public.

The post office inspectors, according to one of the attorneys, will be the new president of the Alabama Telephone Company.

George L. Lovins, attorney for Dowd, confirmed the report that he conducted the mail scheme. The price of purchases of the firm, Mr. E. M. Patterson, chief post office inspector, and John W. Hall, post office supervisor, according to one of the attorneys, will be the new president of the Alabama Telephone Company.

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