

TAR HEELS UNABLE TO SECURE FUNDS FROM STATE BANKS

Statute Passed by N. C. Legislature Ties Up Washington Business

CAPITAL BANKS REFUSE TO HONOR THE CHECKS

Even Congressmen and Other Citizens in High Places Find Themselves in Quandary Because of Latest Ruling; Overman in Fighting Clothes Because of House Action

The News and Observer Bureau, 605 District National Bank Bldg. By JOE L. BAKER (By Special Lensed Wire.)

Washington, Feb. 26.—As a result of the action of the Washington clearing house yesterday, checks on North Carolina State banks are not being honored in Washington, and Tar Heels in Washington who carry accounts with banks here, are being put in a very decided inconvenience.

The matter came sharply to their attention today when some of the North Carolina members of the House presented checks on North Carolina State banks to the Sergeant-at-Arms of the House and were advised that he could not cash them. When they asked why, the Sergeant-at-Arms showed them the following letter which he received from the Franklin National Bank, of Washington:

"We have been advised by the Federal Reserve bank of Richmond that they are unable to collect checks drawn on State banks of North Carolina owing to a certain law recently enacted by the legislature of that State entitled 'An Act to promote solvency of State Banks.' Since the law was passed, the State banks have fled an injunction against the Federal Reserve Bank to prevent their returning any checks which they refused to pay.

"The matter is now in the court and until such time as a settlement has been reached, we are forced to refuse all checks drawn on State banks of North Carolina. This, however, does not affect checks drawn on National banks."

Find Checks Worthless.

So far as present purposes are concerned, checks on North Carolina banks are worthless here in Washington for deposit, all, of course, because of the fight over the matter of exchange, the State banks refusing to pay checks without collecting exchange, and the National banks refusing to accept checks save at par.

The Washington Clearing House adopted a resolution effective February 25, providing that member banks in Washington will accept items on those banks refusing to remit at par, only for collection, the deposits not to be credited until the check has been fully paid by the payee bank.

The action was precipitated by receipt of notice by Washington bank yesterday that several checks drawn on North Carolina banks which had been deposited in the Washington bank and sent by it to the Federal Reserve Bank of collection had been returned, not honored. Since the North Carolina banks on which the items were drawn have refused to remit at par, the Richmond bank had the checks personally presented at two places, but the banks declined to pay, and the banks refused to return the checks as dishonored. Unless this injunction is dissolved, the Federal Reserve Bank cannot return the items, although the amount has been charged against the local bank which cashed the checks.

Baltimore Banks Refuse Deposits.

The Baltimore banks have gone even farther, the clearing house having decided that those banks must return for deposit items drawn on State banks which have refused to remit at par.

Commenting on the floor of the Senate today on the report made to the house by the civil sundry bill conferees that the Senate conferees had not insisted on the Wilmington Public Building appropriation being agreed to by the House conferees, Senator Overman declared that an outrage had been perpetrated against his State. "The truth was, Senator Overman said that there was a disagreement over the item, and it was recommended that it be sent back to the House for reconsideration. A report was made to the House but the report was adopted before the error was discovered. Senator Overman said he would correct the error. This the chairman wished to do but it required unanimous consent to call the report up again, and two members of the House objected. For this, Senator Overman said, 'They deserve to be severely denounced.'"

The Senator has been assured by Chairman Good, of the House appropriation committee that he would be glad to consider this item in a deficiency bill to come up in April, and the Senator believes the situation can be saved in that way.

The amendment did not make a new appropriation, at least not a direct appropriation, but simply made available a balance of about \$41,000 from the original appropriation to buy land adjoining the site of Wilmington's new custom house to enlarge the government property and permit the tearing down of old buildings that are regarded as a fire danger.

Both the North Carolina Senators were active in the fight for the House provision of the fortification bill directing the Secretary of War to turn over to the States for use in highway construction 1250 surplus tractors which was adopted today.

Senator Overman as a member of the appropriations committee, made the

Republic Of Panama Ready To Make War Against Costa Rica

President of Little Nation Signs Proclamation for Hostilities, But Holds It in Abeyance; Receives Assurances That Entire Country is With Him, But Lack of Arms Presents Insurmountable Difficulty Unless United States Will Help.

Panama, Feb. 26. (By The Associated Press.)—Hostilities between Panama and Costa Rica showed possibilities this afternoon of developing into a conflict involving all of Central America and Colombia. Leading Colombians residing in Panama have sent a wireless message to Bogota asking the Colombian government to furnish them with arms for the purpose of enlisting against Costa Rica.

They also ask the Colombian government what action it is willing to take officially to protect Panama against Costa Rica, which is a member of the recently formed Union of Central American States. The other members are Guatemala, Salvador and Honduras.

It was learned officially this afternoon that President Belisario Porras has signed a proclamation declaring war against Costa Rica, but is holding it temporarily in abeyance. The president, asserted that the entire country is behind him, contemplates taking over dictatorial powers for the defense of the republic, relying upon the National assembly to confirm his action.

The present intention of the President is to convene a special session of the assembly on Tuesday for the purpose of ratifying the declaration of war and the President's dictatorial powers.

A sweeping order was issued this afternoon by Eusebio Morales, secretary of the treasury and the interior, prohibiting the export of arms and munitions from the country.

The country disarmed after completion of the Panama canal treaty and has since been in a state of defenseless condition. The duties of the obligations of both republics under the treaty is advanced as an additional argument, especially in the belief generally held that Costa Rica is counting upon the support of the recently formed union of Central American republics.

The Panamanian government is urging upon the Canal Zone authorities and the United States legislation here the advice of recommending here that the United States War Department issue the necessary arms and materials and has expressed confidence that such recommendation will be forwarded to Washington. The United States, however, is not likely to do so.

While nothing has been learned regarding the status of hostilities in Coto district near the Pacific frontier, where Costa Rica forces on Monday occupied territory held by Panama, it was learned authentically this morning that hurriedly gathered unorganized forces were being sent from Panama in the direction of Boca Del Toro, whence come reports that the Costa Rican garrisons across the boundary are being reinforced.

Lack of arms and munitions with which to equip the Panamanian forces which the government continues to organize still is proving an insurmountable difficulty. Every available rifle has been issued to the volunteer forces and National police who have been sent forward to Coto and Boca Del Toro. The belief is strongly held in official circles that the United States government is in duty bound to furnish the Panamanian forces with necessary arms, since

MERCHANT KILLED BY STORE LOOTERS

Former Greenville Man Dies From Wounds Inflicted By Unknown Persons

Washington, N. C., Feb. 26.—As the result of his injuries and great loss of blood, his brain crushed in several places, and wounds inflicted upon other parts of his body, E. G. Worthington, local merchant, died at the Forvie Memorial hospital tonight at 6 o'clock as the result of a brutal attempt at murder early this morning. The identity of the men who assaulted him is unknown. Robbery is believed to have been the motive of the attack. Bloodhounds were on the scene this morning but were unable to take up the trail due to the large number of persons who had visited the store.

Found By Young Boy.

The first one to learn of the assault was a young boy who arrived at the store about 8 o'clock this morning to bring Mr. Worthington his breakfast. The boy tried to get in the front door but found it barred. He could hear someone moaning inside the building. Going around to the side-door he gained entrance and found the man lying on the floor, unconscious, and his head in a pool of blood. Closer to the front window was more blood. The body, when found, was behind one of the counters. It is believed that Mr. Worthington had been knocked down near the window and that the robbers had then dragged his body across the floor in order to prevent passers-by from seeing it.

Store Was Ransacked.

There was plenty of evidence that the men were after money. The cash drawer had been broken into and was empty. Worthington was in a small room over the store. The robbers went over it thoroughly. Clothing was found strewn about and a suitcase had been broken open. How much money the thieves obtained is unknown.

After having found Worthington, the boy ran outside and told the news. The police were notified immediately. They inspected the premises but nothing could be found to give any idea as to who the men were. In the meantime, Worthington was taken to the Forvie Memorial hospital.

Mr. Worthington came here from Greenville. He has been in business here for some time but recently moved to his present location. His wife and several children are living in Greenville.

VOLE OVERWHELMINGLY FOR REPEAL OF PROFITS TAX

Washington, Feb. 26.—Chambers of commerce over the country voted 1,718 to 44 in favor of repeal of the excess profits tax, the United States Chamber of Commerce announced today in making public results of a recent referendum. Coupled with the excess profits repeal vote went an emphatic negative on a suggestion that Treasury losses due to the repeal be made up "mainly from taxes on incomes, the vote being 571 in favor and 1,305 against.

Chicago White Sox in Training.

Waukegan, Ill., Feb. 26.—The first contingent of the Chicago White Sox baseball club arrived here today for spring training. Jimmy Conroy and William Gleason are in charge. The remainder of the team is due here Friday.

MRS. VARNER LOSES SUIT IN FEDERAL COURT FOR FUNDS

Jury Finds Plaintiff Guilty of Improper Relations With Baxter McRary

RETURN VERDICT AFTER BEING OUT 42 HOURS

Mr. Varner Announces Intention of Continuing Prosecution of Negro; Wife Collapses, According to News From Hospital; Jury Took Seven Ballots, It is Understood

Greensboro, Feb. 26.—Finding Mrs. Florence C. Varner guilty of improper relations with Baxter McRary, a negro, a federal court jury after 42 hours of deliberation at 10:10 o'clock this morning, returned a verdict denying her a "reasonable subsistence" from her husband, H. B. Varner, prominent Lexington business man and publisher.

An hour later it sent word to Judge James E. Boyd that a verdict had been reached. Ten minutes later the jury filed into the jury box in the federal court room and told the judge they had agreed.

"What is your verdict, gentlemen," Judge Boyd asked.

"We have found Mrs. Varner guilty of committing adultery with Baxter McRary," Foreman Summers declared. Whereupon Judge Boyd read the issues submitted to the jury to be answered and incorporated therein the decision of the jury.

Three issues decided by the jury were as follows:

1. Did the defendant (Varner) separate himself from the plaintiff (Mrs. Varner) and fail to provide her with the necessary subsistence according to his means and condition in life, as alleged in the complaint?

Answer: Yes.

2. Did the plaintiff commit adultery with B. B. McRary as alleged in the answer?

Answer: Yes.

3. What shall, if any, should be allowed and paid or returned to the plaintiff for her reasonable subsistence from the estate of the defendant?

Answer: Nothing.

Shortly after the verdict had been pronounced H. B. Varner, defendant and successful contestant in the trial, issued the following statement:

"I am glad it is over. It is a matter of grief to me, but I want to see justice done and I intend to prosecute that mulatto (McRary) to the end."

"I appreciate the fact that I have got a fair trial here. I was never in doubt about the verdict."

Mr. Varner left on a noon train for Lexington.

Mrs. Varner, who has been a patient at the Glenwood sanitarium for several weeks, was prostrated at the news of the verdict and is seriously ill, according to attendants.

Mrs. Varner Suffers Collapse.

For several days she has been extremely nervous and when she received the verdict she collapsed, it was said.

When her attorney, O. L. Sapp, walked into the room and said "Well, the jury has decided against you," Mrs. Varner gave way, according to sanitarian attendants.

O. L. Sapp, attorney for Mrs. Varner, who bore the brunt of the fight in her behalf, stated this afternoon that he had little to say.

As to whether an appeal will be taken he does not know and will not until Mrs. Varner has sufficiently recovered to talk of the case.

L. H. Starmer, a member of the jury, whose child is critically ill, was allowed to go home last night to see the 11-month-old infant, the jury retiring for the night. He returned to the jury headquarters shortly after midnight and remained with them until the verdict was pronounced this morning.

The child was reported as unimpaired this morning, the attendant physician stating that symptoms of meningitis had disappeared.

F. M. Samers, Foreman of the jury, was reticent in discussing the case after the verdict was filed this morning. When questioned about the case his first reply was: "I have served on many juries covering a long period of time, and have been called upon to decide many serious and important cases, but this has rivalled anything in my experience."

Jurors Pray For Guidance.

Before filing from the room in which they had been confined for a greater part of the time since 4 o'clock Thursday afternoon, the 12 men knelt and the entire jury, with bowed heads listened to an impassioned plea by one of the number for God to look upon their work and pronounce it well done. Members of the jury declared that no members of the jury ever ascended to powerful pleas declared that no member of the jury ever ascended to powerful pleas declared that no member of the jury ever ascended to powerful pleas.

The jury received the thanks of Judge Boyd, presiding and was discharged.

Now The Jury Meets.

Seven ballots were cast before the jury were able to agree on a verdict, and the entire 12 men knelt and the entire jury, with bowed heads listened to an impassioned plea by one of the number for God to look upon their work and pronounce it well done. Members of the jury declared that no members of the jury ever ascended to powerful pleas declared that no member of the jury ever ascended to powerful pleas.

EDWIN DENBY GETS NAVY PORTFOLIO, HARDING STATES

Theodore Roosevelt, Son of the Former President, Becomes His Assistant

PRESIDENT-ELECT TO GO TO MARION TONIGHT

One of First Acts of Secretary-Designate Is Sending of Telegram to Secretary Daniels Thanking Him for Kind Reference; Modest in Expressing Opinions

St. Augustine, Fla., Feb. 26.—Edwin Denby, gunner's mate in Sampson's fleet and sergeant of marines in the world war, formally accepted the portfolio of Navy in the next Cabinet today with a pledge to maintain the naval fighting machine "at the highest peak of power, ready for battle at any notice."

Under a policy that calls for adherence to the present naval building program until such time as the nations may be brought into a definite agreement for the reduction of armaments.

Continuation of the capital construction program for the present was announced formally as an administration policy by President-elect Harding at the same time that he had made known definitely the final designation of Mr. Denby as Secretary of the Navy and Mr. Roosevelt as assistant secretary.

Mr. Denby has communicated his wishes to leaders in Congress.

Leave Tonight for Marion.

His conference with Mr. Denby ended Mr. Harding's work here, and he will leave tomorrow night for Marion, where his neighbors will give him a farewell celebration on Tuesday. He expects to reach Washington Thursday, the day before inauguration.

The definite confirmation of Mr. Denby's selection, which has been known unofficially here for several days, followed a long conference in which he laid before the President-elect his opinion of what the next administration should do with its navy and marine corps. Afterward he would discuss detailed policies, saying frankly that he felt he had much to learn about the greater gaps in the national machine of our defense, but that he approached his responsibilities confidently, with a trained soldier's devotion to duty.

Although he came into the Cabinet lineup at the last minute as a dark horse selection, Mr. Denby brings to the secretaryship an unusual background of naval experience. Besides having been an enlisted man in wartime in both the navy and the marine corps, he has served as a member of the House Naval Committee, has gained through close contact a knowledge of conditions beyond the insular positions in the Pacific, where more than once the Washington government has cast a questioning eye.

Selection Comes as Surprise.

A lawyer by profession, he now holds the title of probation officer of the criminal court in Detroit, Mich. He declared his selection had come as a complete surprise to him, but he emerged into the limelight of national affairs smiling gently and comporting himself as confidently as though he had been a Cabinet member all his life.

In declining to speak of specific naval policies, Mr. Denby reminded his questioners, in a matter-of-fact way, that he never had been in close contact with the larger policies of the department and so might find himself a stranger to some of the important questions of policy. But he added that an absence of preconceived opinions might not be entirely a detriment.

"I may say in general terms," he continued, "that my conception of the duty of a secretary is to act as an adviser to the President, the Cabinet and Congress, and more important still, to maintain whatever navy Congress gives us at the highest peak of power, ready for battle at any notice."

In response to questions about the naval policies of the present administration the Secretary-to-be only smiled and shook his head. He did take occasion, however, to declare his unqualified approval of the anti-wise ruling of Secretary Daniels, adding that he believed most of the officers of the navy now recognized the wisdom of the famous order.

High Regard For Daniels.

For Mr. Daniels personally he expressed highest regard, and one of his first acts as Secretary-designate was to send a telegram to the present Navy Department head thanking him for past courtesies. Passing up an invitation to dictate the message to one of the stenographers at Mr. Harding's headquarters, he went to a telegraph stand in the hotel lobby below and scribbled out the following in lead pencil:

"Have read with great pleasure your kind reference to me in the press. Please accept my cordial thanks. I shall see you in Washington within a day or two. I hope."

The meeting will not be the first between the retiring Secretary and his successor. During the World War, when Mr. Denby was serving at the age of 48 as a Marine sergeant, he broke a strict regulation and went direct to some of the troubles of the men serving with him.

"The Secretary might have court-martialed me," said Mr. Denby, after relating the story today, "but he didn't do it."

Comes of Fighting Stock.

Most of the prospective Secretary's service with the Marines was in the marine department, though he was sent abroad for a brief period as observer and was under fire on the American front in France. Before the war was over he had risen from private to second lieutenant.

Battleship Tennessee Leaves Navy Yard.

New York, Feb. 26.—The battleship Tennessee, one of the largest additions to Uncle Sam's navy, left the navy yard here today for her second speed trial off the Virginia coast. On the first trip last October one of her generators broke down and forced her to return to port.

Two Aviators Killed by Hitting Air Pocket.

Rockaway, N. Y., Feb. 26.—An air pocket encountered at an altitude of 600 feet, which threw their sea-lane into a tail-spin and sent it crashing to the ground before it could be brought under control again, is believed to have been responsible for the death of Lieutenant Harold T. Stevens, U. S. N., and Chief Machinist's Mate Eugene Lindsay, while making a routine flight over the naval air station here this afternoon. Lieutenant Stevens and his wife lived at the air station. His parents' home is in Mount Vernon, N. Y.

While making what onlookers described as a simple turn directly over a hanger near the shore, the machine suddenly went into a tail-spin. Lieutenant Stevens apparently was unable to straighten out the sea-plane owing to the short elevation, and it plunged to earth, barely missing its hanger.

Diverse Action on Censor Bill.

Senate Committee Confirms Favorable Report; House Committee Reverses Itself.

TWO YEAR BUILDING PROGRAM REQUIRES NEARLY SIX MILLION

Appropriations Bill Covering Permanent Improvements Is Submitted

BUDGET COMMISSION FOLLOWED IN MAIN

State Hospital For Insane Gets Additional \$550,000 In Lieu of State Prison Building and Appropriation Made To Cover Conversion Into Hospital Building

"A two-year building program for State institutions, only three quarters of a million dollars more ambitious than that suggested by the budget commission was submitted to the Senate last night from the appropriations committee as the result of the committee hearing and deliberations over the

in 1921 and the remainder in 1922.

The widest departure from the recommendation of the budget commission came in the appropriation for the state hospital, necessitated by reason of the repeal of the act authorizing the transfer of the State Prison building to the State Hospital. The State Hospital, under the measure, is to get \$550,000 to construct and equip buildings to take care of 575 patients, in lieu of the \$300,000 authorized for use in the conversion of the State Prison into a hospital in addition to the amount recommended by the budget commission.

The State Hospital for the Insane at Goldsboro, the State School for the Deaf at Morganton, the State School for the Blind at Raleigh, the University of North Carolina, the East Carolina Teacher Training school at Greenville, will receive the identical proportion of the fund recommended by the budget commission. The same is true of the negro normal schools and the Negro Reformatory for boys. Other institutions get slight increases.

Improvement Appropriations.

The permanent improvement appropriations for the several institutions carried in the bill as against the amounts recommended by the budget commission follow:

State Hospital for the Insane, Morganton, \$150,000 against \$100,000.

State Hospital for the Insane, Goldsboro, \$500,000 against \$300,000.

State Hospital for the Insane, Raleigh, \$750,000 against \$775,000.

N. C. School for the Deaf, Morganton, \$30,000 against \$20,000.

N. C. School for the Blind, Raleigh, \$250,000 against \$250,000.

N. C. Tuberculosis Sanatorium, Sanatorium, \$300,000 against \$200,000.

State Home for the Industrial School for Girls and Women, Samarrand, \$165,000 against \$150,000.

Stonewall Jackson Training school, Concord, \$140,000 against \$100,000.

Cauley Training school, Kinston, \$240,000 against \$250,000.

University of North Carolina, Chapel Hill, \$600,000 against \$690,000.

State College of Agriculture and Engineering, Raleigh, \$550,000 against \$500,000.

N. C. College for Women, Greensboro, \$675,000 against \$640,000.

East Carolina Teacher Training school, Greenville, \$325,000 against \$325,000.

College normal and Industrial Training school, Boone, \$200,000 against \$200,000.

State Normal School for Negroes, Elizabeth City, Colored Normal school, Fayetteville, and State Colored Normal school, Winston-Salem, \$400,000 against \$400,000.

Negro Reformatory for Boys, \$25,000 against \$25,000.

Total, \$5,745,000 against \$4,995,000.

The bill appropriates to institutions for which no recommendation was made by the budget commission as follows:

N. C. Orthopaedic Hospital, \$100,000 to complete Agricultural Department building, \$75,000.

Confederate Soldiers' Home, \$30,000.

Negro A. and P. College, \$115,000.

Nature of Proposed Bonds.

The bonds authorized will be five per cent, forty-year, non-taxable bonds in denominations of \$1,000 and \$500, in the determination of the State Treasury, not to be sold below par.

The bill specifies that the building commission shall have the direction of the buildings to be built, altered or repaired, and that plans and specifications be prepared as speedily as possible by the State architect, the contracts to be let by competitive bidding.

In the event of inability to sell any or all of the bonds authorized, the State Treasurer is empowered and directed, by and with the consent of the Governor and Council of State, to borrow for period not to exceed two years "at the lowest rate of interest obtainable" such loans as may be required to meet the appropriations made in the act, not exceeding in any year the aggregate amount of bonds authorized for that year.

PROMINENT MERCHANT DIES AT KENANSVILLE

Kennansville, Feb. 26.—W. B. Cooper died at his residence here last night after a short illness which developed into pneumonia. He leaves a widow, who before her marriage was Miss Fannin, and two small sons, Henry and Moore Cooper, and one brother, L. M. Moore Cooper, of Kenansville. The deceased was for a long time the leading merchant of this place, where he built up a business from which he retired a few years ago. He was a prominent and influential member of Kenansville Baptist Church, and he came from one of the old families of the county.