

## Ehringhaus Statement Arouses Much Interest

### Two Candidates For Democratic Nomination Have Announced Now and Others Are Expected. Strenuous Fight In Sght. Senatorial Contest Will Be Hot Also

By M. R. DUNNAGAN

RALEIGH, Aug. 25. — Political comment for several days has centered largely around the announcement of J. C. B. Ehringhaus, Elizabeth City, for the Governorship, and his "confession of faith" which followed last week, close upon the heels of the announcement of Lieutenant Governor R. T. Fountain.

With two candidates definitely in the field, the question arises as to what others and when others will do. It begins to look now as if there will be four candidates certainly, and possibly six before filing time expires, even though much can happen in the nearly 10 months until the June primary.

Attorney General Dennis G. Brummitt, his friends say, is expected to announce his candidacy soon, although he has made no definite statement. Commissioner of Revenue A. J. Maxwell, it may be definitely said, intends now to enter the race, but his announcement may be some weeks in coming. It is known that Willis Smith, speaker of the House, is still giving serious consideration to entering the race. Josephus Daniels, Raleigh publisher, is still considered a prospect, although at present in the background.

The Ehringhaus statement has been provocative of such comment, much of it favorable, some critical. He stands on the Democratic record, legislative and executive, admitting it falls short of and overreaches in some respects his own desires. He calls for a balanced budget, strict but sane economy, no new departments, but eliminations and consolidations where practicable, careful conservation of the State's credit, the short ballot if the people want it, immediate revaluation of property, equity in taxation, opposes sales and luxury taxes, classification and relief from part of the tax of small farm and home owners, live at home program, now markets for products, cooperation in growing and marketing crops, develop latent resources.

These, and the additional statement that he will make a vigorous canvass of the entire State, indicate the strenuous fight that will be waged in the State for two-thirds of a year, months longer than usual. There is comment on the likeness of the Ehringhaus platform to the Maxwell stand, their views coinciding on most important issues. Willis Smith apparently sees conditions through similar eyes. There is a divergence in the Brummitt views, so far announced, in that he is favorable toward a luxury tax, if needed, as a supplemental, not a substitute tax, opposing a general sales tax.

Like Fountain, Brummitt oppose the short ballot. Brummitt, seemingly, approves the taxation measures enacted by the General Assembly. Fountain is critical of that body, not, he explains, for what it did, but for what was proposed to it to do, and it declined, in part, adoption of the short ballot. Josephus Daniels has been critical of legislative acts, particularly as they deal with taxation. Even with the likeness in views, sufficient differences exist among candidates and prospects to make it a hot campaign.

### The Senatorial Race

In the background for the moment is the senatorial race, but it is not expected to remain there long. Senator Cameron Morrison, back from the Dare celebration last week, was particularly pleased with his findings. "Why, they told me I'd better watch out for the east. I talked with many of the boys down there from all sections and—well, I'm feeling mighty good about it," he said, and showed it. Asked if Hoy would oppose him, he said:

"If it hadn't been for Clyde Hoy, I would not be senator now. He is one of the best friends I have." And he declines to discuss it further.

A. L. Brooks, Greensboro, in Raleigh last week, conferred at length with friends, and about entering the senatorial race. Mr. Brooks said for publication that he had not yet decided. Hotel lobby groups quoted him as saying he expects to announce his candidacy. Thomas C. Bowles, Frank D. Grist and Robert R. Reynolds are the announced opponents of Senator Morrison, and evidence is that all of them are active, though quietly, a stillness which may become

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## FEDERAL RESERVE WINS SUIT WITH NEW BERN BANKS

### Judge Meekins Decides To Dismiss Million Dollar Suit

#### PLAINTIFF MAY APPEAL

NEW BERN, August 25th. — The \$1,000,000 suit brought by various stockholders and creditors of the National Bank of New Bern and the First National Bank of New Bern against the Federal Reserve Bank of Richmond has been dismissed by Judge I. M. Meekins, of Elizabeth City. It is probable however, that the plaintiffs may either appeal or file individual suits along the line.

News of the judge's decision to dismiss this suit came in a letter to Wilson H. Les, one of the attorneys for the reserve bank and for Receiver R. E. Schumacher, a party defendant to the suit. Copy of the letter was sent by Judge Meekins to M. G. Wallace, counsel for the Federal Reserve Bank of Richmond, who had associated with him in the case Mr. Lee and Newton D. Baker, former secretary of war during the Woodrow Wilson administration.

Copies of the ruling were also sent to R. A. Nunn and E. Whitehurst, who, with W. B. R. Guion, represented the plaintiffs in the suit. The official decree has not yet been filed in federal court here, Judge Meekins asking the defendant lawyers to present to him a decree to sign in consistency with his holdings that the demurrer in the case should be sustained and the motions to dismiss the amended bill and intervening petitions should be allowed.

It is thought that dismissal of this suit may help expedite the cases of the federal reserve bank against various local debtors of the First National bank, whose notes had been hypothecated in Richmond. A number of these suits are pending here in superior court.

The case is entitled W. J. Lucas, Jr., and J. W. Lucas, administrators of the estate of W. J. Lucas, deceased, and Kate S. Lucas, on behalf of themselves and all other stockholders of the National Bank of New Bern who care to make themselves parties hereto and on behalf of themselves and all other creditors of the National Bank of New Bern or the First National Bank of New Bern who care to make themselves parties hereto, plaintiffs, vs. the Federal Reserve Bank of Richmond, Va., a corporation existing under the act of congress known as the Federal Reserve Act, the National Bank of New Bern, and R. E. Schumacher, receiver of the First National Bank of New Bern, defendants.

The complaint alleged that the failure of the local national bank was due to the fact that the Federal Reserve Bank of Richmond charged too high rates of interest and held too much collateral for local loans. It set out that the purpose of the federal reserve system was to help rather than destroy dependent banks.

Several months ago the motions to dismiss the amended bill were before Judge Meekins, Mr. Baker joining with the defense solicitors against the local attorneys for the plaintiffs. Briefs were then filed in the case, and it is on these that the judge has made his decision, "after long and

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## BUNCOMBE COURT CONVICTS THREE ON FRAUD CHARGE

### Ex-Senator Lea and Son Luke, Jr., and Wallace Davis Convicted

#### 2 SENTENCED TO PRISON

ASHEVILLE, Aug. 25. — Luke Lea, Tennessee newspaper publisher and former United States senator, today was sentenced to serve from six to 10 years in North Carolina state prison for defrauding the Central Bank and Trust company here of \$1,136,000.

Luke Lea, Jr., convicted along with his father in the conspiracy trial which has been under way here for more than four weeks, was fined \$25,000 after Solicitor Zeb V. Nettles had made a plea for him on the grounds of his age—23—and the fact that he was merely doing as instructed by his father.

Wallace B. Davis, president of the bank, who already faces a five to seven-year sentence in connection with its failure, was given four to six years in prison.

E. P. Charlet, business associate of the Leas, was acquitted by the jury and discharged by the court.

#### Tried On Six Counts

They were tried on six counts of conspiracy to defraud the bank and one count of misapplication of its funds pursuant to the conspiracy.

The Leas were convicted on four counts, and Davis on three, but Judge M. V. Barnhill, who presided over the special term of Superior court called by Governor Gardner to try them, set aside the verdict on the count in which the Leas alone were convicted, as it charged conspiracy, of which they could not have been guilty except in conjunction with an officer of the bank.

They were sentenced as follows: First count, charging conspiracy to misapply \$300,000 worth of the bank's certificates of deposit—Davis, two to three years; Luke Lea three to five years; Luke Lea, Jr., fined \$10,000.

Fourth count, charging conspiracy to misapply \$100,000 more of certificates of deposit—Davis two to three years, to be served at the expiration of the first term; Luke Lea, three to five years, to be served likewise; Luke Lea, Jr., to pay Buncombe county \$5,000 toward the costs of the case.

Seventh count, charging actual misapplication—Davis four to six years, to be served concurrently with first two sentences; Luke Lea, 6 to 10 years to be served likewise; Luke Lea, Jr., fined \$5,000 and ordered to pay \$5,000 toward court costs.

#### Fifth Count Set Aside

It was the fifth count, charging misapplication of \$100,000 worth of cashier's checks, on which the Leas were convicted alone, on which the verdict was set aside. Returns of "not guilty" were made upon the other counts.

#### BIRTH OF DAUGHTER

Born to Mr. and Mrs. K. W. Wright at Potter Emergency Hospital, Monday, Aug. 24, a daughter.

J. E. Holcombe of Columbus County inquired of his county agent how to grow 50 bushels of corn an acre. He says he will reach the mark from present indications.

## BIG INCREASE IN NORTH CAROLINA SHOWN IN HIGH SCHOOL ENROLLMENT

By M. R. DUNNAGAN

RALEIGH, Aug. 24.—Enrollment of white children in the high schools of North Carolina increased 61.3 per cent in the rural and 36.7 per cent in the charter schools, or a State-wide increase of 51.3 per cent, in the five-year period from 1924-25 to 1929-30, it is shown in a table in "State School Facts," monthly publication of State Superintendent A. T. Allen.

White enrollment increased from 67,086 to 101,486 in all high schools, the rural enrollment increasing from 39,832 to 64,232 and the charter 37,254 and the other man that went school enrollment from 27,254 to 37,254 in the five-year period, the table shows.

Negro enrollment in all State high schools increased 129.3 per cent in that period, or from 6,507 to 14,924, the rural schools showing an increase from 1,237 to 4,813, or 289.1 per cent, while the charter schools showed an increase from 5,270 to 14,924, or 191.9 per cent.

negroes enrolled were in high school. The percentage of high school pupils in white charter schools was 23, as compared with 14.4 per cent in high schools in rural sections. Only 2.5 per cent of rural negro enrollment was in high schools, and 14.7 per cent of enrollment in charter schools was in high schools.

High schools in the State numbered 913, of which 778 were for white and 135 for negro pupils. Accredited white high schools number 608, while 170 are unaccredited, and of the negro schools 68 are accredited and 6 are not. The State has 4,904 high school teachers, 4,295 in the white and 609 in negro schools. In 1930 white graduates from high schools 13,457, while negro graduates numbered 1,987.

Carteret county, the report shows, increased 51.3 per cent in white high school enrollment in the five-year period, or from 238 to 360. On the total enrollment, 16 per cent of the pupils were in the high school, the county taking 37th place among the 100 counties. In 1930 this county graduated 47 white pupils from high school.

## Last Of County Cases Are Now Being Tried

### Examination of Witnesses Started for the County Started This Morning. Defendants Counsel Object To Much of the Testimony and Resist Vigorously. Question of Politics Injected Into the Trial By Attorneys Moore and Hamilton.

## Make Banks Safe Says Commissioner Hood

By M. R. DUNNAGAN

RALEIGH, Aug. 25.—"It is our desire to so administer the supervision of banks in this State that if a bank is open and doing business, the public may believe that we think it is a safe place in which to deposit money, and we expect to use every bit of our energy, influence and power to bring this result to a conclusion," said Gurney P. Hood, Commissioner of Banks, in a radio talk in Raleigh last Saturday night.

Officers and directors of banks should consider their positions as places of trust, and funds in banks should not be used for promoting their own affairs, but they should guarantee to every depositor or creditor the safety of funds put in their hands, Mr. Hood said. He discouraged large and excessive lines of credit to officers and directors, saying every man or firm should pay lines of credit at least once each year.

Every person connected with the Banking Department must be of high character, courteous, considerate and willing to render the best possible service, and this should extend to every person connected with a bank, Mr. Hood said.

"The bankers of North Carolina have a great opportunity to lead the people in sound thinking, in safe business methods, in clean political thinking. Through much leadership we can partially overcome the present depression and restore prosperity in our State," he said, saying that the "live at home" farmers are generally more prosperous and that bankers can help farmers by insisting upon such a program, especially of those seeking credit.

Mr. Hood told of the 1931 act placing licensing and supervision of trust business of State and National banks in the hand of the Commissioner of Banks. The advisory banking commission is planning to adopt regulations requiring all trust funds to be invested as provided by law or secured by collateral which can be converted into case immediately.

"The trust business of banks should be more extensively developed, thereby guaranteeing to estates, widows, orphans, insane or feeble-minded persons and others not qualified or trained, a proper administration of their affairs, so as to give them the largest possible yield or income with safety from the funds so invested," Mr. Hood said.

## TIDE TABLE

Information as to the tides at Beaufort is given in this column. The figures are approximately correct and based on tables furnished by the U. S. Geodetic Survey. Some allowances must be made for variations in the wind and also with respect to the locality, that is whether near the inlet or at the heads of the estuaries.

High	Low
<b>Friday, Aug. 28.</b>	
8:08 a. m.	1:54 a. m.
8:25 p. m.	2:03 a. m.
<b>Saturday, Aug. 29.</b>	
8:44 a. m.	2:26 p. m.
8:58 p. m.	2:40 p. m.
<b>Sunday, Aug. 30.</b>	
9:18 a. m.	2:57 a. m.
9:30 p. m.	3:15 p. m.
<b>Monday, Aug. 31.</b>	
9:15 a. m.	3:29 a. m.
10:02 p. m.	3:53 p. m.
<b>Tuesday, Sept. 1.</b>	
10:25 a. m.	4:00 a. m.
10:34 p. m.	4:31 p. m.
<b>Wednesday, Sept. 2.</b>	
10:59 a. m.	4:35 a. m.
11:59 p. m.	5:13 p. m.
<b>Thursday, Sept. 3.</b>	
11:11 a. m.	5:15 a. m.
11:40 p. m.	6:00 p. m.

The largest of the so called county cases, much discussed for two or three years, got underway Tuesday afternoon. Immediately after the conclusion of the Stancil case, which was decided in favor of the defendant, the work of drawing a jury was begun. Twenty four Pitt county men answered to their names and from these a jury was chosen. A venire of fifty had been summoned but they did not all appear. Two or three were excused by each side for one reason or another. W. B. R. Guion requested the jurors for the county and attorney Louis Gaylord of Greenville did the same for the defendants. The jury as chosen is composed of farmers with two or three exceptions and is an intelligent and substantial looking body of men.

Court convened again at nine-thirty Wednesday morning and shortly thereafter the routine of reading the formal complaints in the action was begun. This required a considerable length of time, about three hours in fact. By agreement of counsel the two cases against the defendants—Simmons Construction Corporation, F. M. Simmons, George J. Brooks, C. K. Howe, George W. Huntley and W. L. Stancil were consolidated. These two suits are for approximately \$800,000 and are based on allegations that the paving done by the Simmons Corporation for the county was poorly done. The attorneys for the county appearing in this trial are H. G. Hedrick of Durham, W. B. R. Guion of New Bern, E. H. Gorham of Morehead City, E. Walter Hill and James W. Mason of Beaufort.

The defendants are represented by L. J. Moore, Thos. O. Moore, A. D. Ward and Henry Whitehurst of New Bern, Louis Gaylord of Greenville, Luther Hamilton of Morehead City and J. F. Duncan and C. R. Wheatly of Beaufort. J. F. Flowers of Charlotte representing a bonding company is also appearing in the case.

After the reading of the pleadings yesterday counsel for the defendants undertook to have the defendant conspiracy tried out now and have the question of damages submitted to a referee. This would mean that the whole case would have to be tried twice which would take a lot of time and money. The complaints of the plaintiff allege that there was a conspiracy between the defendants to defraud the county out of large sums of money. Attorneys for the county argued that it was best to try the whole matter at one time. Judge Moore said he would take the question under advisement and give his decision the next morning. Court adjourned Wednesday at five o'clock with the understanding that it would meet in the following morning at nine o'clock.

Court opened this morning at nine o'clock and in a few minutes the taking of testimony was begun. Mr. Hedrick submitted the issues on behalf of the county and then Mr. Guion began the reading of two depositions taken in Charlotte and signed by R. A. Mayer and R. D. Linebach, representatives of the Travellers Insurance Company which set forth the late J. E. Woodland, former chairman of the board of commissioners, had his life insured for the benefit of Floyd M. Simmons for \$50,000 and that the premium on the policy was paid by Mr. Simmons. The depositions also stated that upon the death of Mr. Woodland that the \$50,000 was paid to the defendant Simmons. There were objections by all the attorneys for the defense to this testimony and also to a great deal other evidence offered by the county.

Other witnesses that the county attorneys put on the stand this morning were Public Accountant Connor Aycock, R. W. Wallace former Register of Deeds, and former County Auditor W. J. Plint. During the examination of Mr. Plint, Mr. Moore and Mr. Hamilton attempted to show that the

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