

Home Loan Act A Fraud, Writer In "Nation" Says

Henry Goldey Says Vast Majority of Mortgagees Won't Be Permitted To Make Exchange and Congress Knew That; Corporation Head Makes Comment

(From The Nation.)

With the foreclosure crisis for home owners daily becoming more acute, the article in The Nation this week by Henry Goldey, "The Home Loan Act—A Fraud," becomes vitally important to thousands of mortgagees and mortgagees in the 3,000 counties of the United States, in each of which the new act is expected to operate as rapidly as possible.

Basically the working of this home loan act depends upon the exchange by a distressed mortgagee of his unpaid mortgage for bonds of the Home Owners Loan Corporation, the interest on these bonds being guaranteed by the Government but not the bonds themselves.

Pointing out that: "Any distressed home owner with a large mortgage on his property, with taxes unpaid, and with a house in need of repairs, after reading about this bill must have felt very grateful toward Uncle Sam, who was ready, able and willing, through this corporation, to lend him up to 80 per cent of the present value of his property, and to give him from fifteen to eighteen years in which to repay it."

"Unfortunately, however, there seems to be a slight hitch in the 80 per cent plan. Suppose, for example, that the mortgagee refuses to exchange his mortgage for the bonds. What then? Is it possible that these bonds might not prove sufficiently attractive to mortgagees to warrant an exchange? Is it possible that some mortgagees would not be legally permitted to make the exchange? The facts which I intend to prove are (1) that the vast majority of mortgagees would not be permitted to exchange their mortgage for these bonds; (2) that Congress knew this to be the case; (3) that independent of legal restrictions, the bonds are of little worth and therefore unattractive, and that Congress knew this also."

Mr. Goldey goes on to explain that since these bonds authorized for exchange are merely debentures, "mere promises of the corporation to pay, unsecured by the pledge of any specific assets," the usual channels by which they would naturally be substituted for the existing mortgages are useless.

"Under the laws of several states," says Mr. Goldey, "life insurance companies, savings banks, building and loan associations, title companies and executors and trustees of estates are prohibited from making investments, except in specific securities, such as government bonds, state bonds, certain municipal and county bonds; first mortgage bonds of specific railroads and in some cases of utilities; first mortgages on real estate not in

excess (in most cases) of 60 per cent of the value of the property. They are not permitted to invest in the unsecured bonds of any corporation.

"The debenture bonds of the Home Owners Loan Corporation are therefore ineligible under State laws for investment by such supervised financial institutions. Since approximately 80 per cent of home mortgages are held by these financial institutions, and by an unknown but undoubtedly substantial percentage of the balance is held by executors and trustees, it is clear that no relief under the bill can be expected by the vast majority of the home owners in the country.

After a discussion of the colossal cost of administering the new act and the chances of repayment to the Government of either interest or principal chances of which the author is definitely pessimistic, Mr. Goldey mentions a peculiar feature of the new legislation which covers the organization of building and loan associations in sections of the country where such associations do not exist:

"The act provides that the government shall contribute capital, dollar for dollar up to a certain amount, to such new building and loan associations, and also specifies the kind of securities such building and loan associations are permitted to invest in. The bonds of the Home Owners Loan Corporation are not included.

In summing up his outline of the new pseudo-relief legislation Mr. Goldey declares:

"The passage by Congress of the Home Owners Loan Act when it knew that the measure could bring relief only to a small percentage of home owners, and even in those cases only to individual mortgagees who might not be able to make a thorough analysis of the value of the bond, was a deliberate fraud. The act should be repealed."

(Mr. Goldey's article was submitted by The Nation to William F. Stevenson, chairman of the board of directors of the Home Owners Loan Corporation and the Federal Home Loan Bank Board.)

Mr. Stevenson while not refuting or answering Mr. Goldey's definite and critical statements in regard to the prospects of relief to be afforded by the Home Loan Act, makes the following rejoinder in part:

Congress did not believe that it would be wise for the government to endeavor to take over so vast a portfolio of mortgages (\$20,000,000,000) and drive all private capital out of the mortgage lending field. But it did believe that some measure of relief should be offered, by taking off the market mortgages of distressed home owners, to the limits of the act, in the hope that by so doing it would tend to stabilize realty and mortgage values. It is unthinkable to assume, as has been assumed by your writer, that any large number of American citizens owning their own homes will deliberately refrain from paying their mortgage indebtedness for the sole reason that a governmental instrumentality is the holder of the mortgage.

"The figures quoted as to the expense of the operation of the corporation are so fantastic that they have the appearance of being deliberately exaggerated. The corporation will operate through a State manager with a small force of assistants who are being paid a remuneration that is most reasonable for the services rendered."

Expect Dramatics As Fogleman Dies

(Continued from Page One.)

error Ehringhaus and tell his excellency what the solicitor thinks about the case Mr. Higgins came, but he gave Fogleman no help. The prosecuting officer admitted his distress, his despair over getting the absolute truth about the prisoner, but there was no request for clemency in the case. The solicitor agreed that Dr. Phillip Ray had quoted Mrs. W. J. Carter, wife of the slain man, for whose death Fogleman dies, and in the quotation used the phrase that Mrs. Carter did not know whether her husband's slayer was black or white, but "I believe she recognized Fogleman for all of that," Mr. Higgins said.

The refusal of either Judge Stack or Solicitor Higgins to make any recommendation left Governor Ehringhaus without the usual justification for clemency. Both officers of the court that tried Fogleman believe thoroughly in his guilt and there apparently is no chance for him. Today

observers of the case a sit developed were willing to risk good reputations for accuracy in guessing out the criminal mind that Fogleman will confess.

However, the reputed purpose of Mr. Gwyn to walk with his luckless client changes the conditions of confession somewhat. Mr. Gwyn is a lawyer. He has the confidential relationship with his client that makes impossible the breaking of such confidence. The officers believe there was a second and probably a third man with Fogleman when the murder was committed, and that the accused man may be holding on to a technicality.

The prisoner's willingness to take a life sentence and to stay in the prison until the real murderer is uncovered, did not impress Governor Ehringhaus. His excellency saw weakness as well as strength in the proposed compact with the convicted man.

Last minute confessions are quite common at the electrocutions (and only a few times have there been executions with prisoners holding out to the last for their innocence. The attorneys for Fogleman believe that he was convicted by a hostile public sentiment, but the doomed man never has told the governor, Parole Commissioner Edwin Gill or anybody else where the prisoner was at the time of the actual killing.

Fogleman's life has been prolonged by the governor and by the General Assembly. While Mr. Gwyn was serving in the long session the date set for the death of Fogleman came and went. Governor Ehringhaus allowed the lawyer-senator to finish the legislative work before going back to help Fogleman.

So far as the prison officials can recall, only one or two lawyers have before this time followed their clients to the electric chair to be with them to the very last. Most attorneys are confessedly too soft to sit by and watch their wards die.

New Kidnap Threats To O'Connells

(Continued from Page One.)

world" all the details of the case if Dan O'Connell, uncle of the abducted youth, continues his silence.

Snyder declared that statements made by District Attorney John T. Delany were putting him "in a bad light," and that the family of John J. O'Connell, Jr., could clear up matters if they desired.

Private Concerns Build 21 of Them And Navy 16

(Continued from Page One.)

plan to have two submarines constructed at Portsmouth navy yards, two destroyers at the Boston navy yard, one light cruiser and one gunboat, at the New York yards and one gunboat at the Charleston, S. C., navy yards.

CHARLESTON NAVY YARD TO BUILD ONE GUNBOAT

Washington, Aug. 3.—(AP)—Construction of a gunboat at the Charleston, S. C., navy yard was included in allotments made by the Navy Department today.

Shepherd Appeals For Negro Codes

(Continued from Page One.)

the present on the proposal to deny the more menial workers the full benefits of this code. "Your nationally known attitude of sympathy for all disadvantaged persons, irrespective of creed or color, moves me to appeal to you now," he says.

"I have been appraised that numerous merchants and others who employ workers have asked that the generally accepted industrial code do not apply to janitors, elevator operators, porters and similar workers in public buildings. While there may not be a general discrimination against colored employees because of their race, it is well known that the great bulk of these wage-earners come from my people and I am carrying this protest to your office. For all the people upon whom these economies have been imposed there is none so little equipped for their own defense, and none who so little can give back the pittance which they have been paid. And I am asking that the head of the workers of this country use her great office to see that the forgotten black man does not suffer a discrimination so indefensible as this.

"I am not advised as to the details and the scope of the effort to withhold the advantages of this code from the great army of menial Negro workers. I fear the effort may extend to many working centers and to great numbers of our people. You and our great President have sensed salvation for our people by given them employment at a living wage. Surely the least advantaged of American workers are not going to be penalized for their defenselessness. It is not like our great nation to endure a condition so palpably unjust and inequitable.

"In all of the readjustments incident to our efforts at national recovery, the Negro has suffered more from indifference of his lot, I think than from sheer hostility of those who had remedial measures for him in their own hands. The schools have taken their general cut in operating expenses but I know departments of education have there been such racial and rigorous economies as those visited upon our Negro teachers. The preparation and equipment for teaching the standards and character of the teachers must be as high as they are among the whites, but the compensation falls far below the level. In all conscience this is bad enough, but it could be worse if our hard-worked janitors and housekeepers should be further penalized by being denied the protection of this code."

Secretary Perkins always has been a strong friend of the colored people and whether she has any direction over the complaint it is reasonably guessed that she will have an expression on the subject if the complaint made by Dr. Shepard seems to touch a general situation.

Women Take Lead In Checking Labor Strife In State With Most Strikes

By JACK KEENE

Harrisburg, Pa., Aug. 3.—(Central Press)—The "New Deal" has brought about a surprising state of affairs in Pennsylvania, the land of the Mellons, the open shop and the "blood and iron" police.

State troops are being employed on the side of the workers. In effect, that is what is happening in the Brownsville strike area where a detachment of the 112th Infantry is acting under orders of Gov. Gifford Pinchot in overruling the deputies that Sheriff Harold Hartney of Fayette County refused to withdraw from participation in the dispute between mine operators and striking miners.

Moreover, the efforts that are being made to restore industrial peace in this state, of which three-fourths of all the current strikers in the entire country are residents, are in the hands of three women whose past records show them to be sincere partisans of the working classes—Mrs. Secretary of Labor Frances Perkins of President Roosevelt's cabinet; Miss Charlotte Carr, the state secretary of labor; and Mrs. Gifford Pinchot, wife of the governor.

Mrs. Pinchot has taken a militant part on the side of the dinnerbucket carriers since the efforts of the American Federation of Full-Fashioned Hosiery Workers to complete unionization of mills within the state precipitated widespread lockouts and troubles. The union believes that it has Secretary of Labor Perkins on its side because the NRA recognizes collective bargaining of the workers as the basis of worker-employer dealings. There is no doubt of the governor's wife's sympathies. After she marched as a picket in a demonstration at Allentown she was criticized as a troublemaker, but not dunned, she went to Lebanon to take active part in demonstrations of strikers there.

The governor's wife is credited with having arranged the appointment of Miss Carr as the state labor secretary, when the male head of the department protested that Miss Carr, a member of his staff was creating trouble between employers and labor by her efforts to force through a minimum wage law. The governor's answer was to name Miss Carr as head of the department.

Miss Carr came to Pennsylvania with a reputation made while working under the direction of Frances Perkins in New York state. She has been a militant social worker for 18 years, following a Vassar education and a start as a police-woman on a night beat between the wharves of Brooklyn. This led her into a career paralleling Miss Perkins'. Miss Carr has been using the burly arm she developed as a policewoman

Women Seek Penn Strike Solution



Efforts directed at restoring industrial peace in Pennsylvania, where current strikers account for three-fourths of all the men and women voluntarily out of work in the U. S., are being pushed by three women who in the past have usually lined up on the side of the workers—Mrs. Secretary of Labor Frances Perkins (top), who is shown getting workers' opinions in a steel mill at Pittsburgh; Mrs. Gifford Pinchot (below), wife of the governor, shown marching in a protest parade with striking hosiery workers; and Miss Charlotte Carr, newly named state secretary of labor, a former New York policewoman.

(Central Press)

with full force in dealings with employers found to be promoting sweatshop conditions. She resorted to prosecution under federal Mann Act statutes to curb an employer who forced unpaid girls to accompany him on trips with threats of discharging them. She thought the use of National Guardsmen was timely when Sheriff Harold E. Hartney of Fayette County refused to withdraw the depu-

ties who were breaking up miners' demonstrations, and James J. Davis, the Harding-Coolidge secretary of labor were in office, they gave no indications of partisanship sympathies with the workers of their home state. Mrs. Secretary Perkins gave striking evidence that she doesn't intend to get her information regarding working conditions from anyone but the wage-earners themselves on her trip into Pennsylvania on which she went into the steel mills and other industrial plants to sit down with the rank and file dinner-pail toilers and get their viewpoints.

Naturally the Grundy organization, The Pennsylvania Manufacturers' Association, which was so potent an influence in tariff making and wage legislation, is sitting up and taking notice. It is fearful that the NRA means a lot more than national industrial recovery.

Getting what you want is better than having what you want.

FORECLOSURE SALE

By virtue of authority vested in the undersigned as trustee in a certain deed of trust executed by Ella Brame and Bertha Brame and recored in Book 82, Page 113. Default having been made in the payment of the note therein secured, at the request of the holder of the same I will offer for sale at the courthouse door in Henderson on the 5th day of September, 1933, by public auction, the following described land:

Begin at a stake corner of lot No. 3, thence N 87 1-2 W, 19.55 chns. to a stone, corner of lot No. 4, thence S 4 1-4 W, 5.40 chns to a stone, Edwards corner, thence S, 70 W, 7.47 chns. to a stone Edwards corner, up the creek S 63 1-2 W, 5.10 chns. S 64 W 3.75 chns. to the Ford of the creek, thence along the old Bute road N 88 1-4 E, 4.15 S 77 1-2 E, 1.85 S, 69 E, 2.88 S 73 E, 1.60 S 70 E, 3.50 S 79 E, 1.50 S 76 1-2 E, 4.00 chns. to a stone, corner of lot No. 2, thence N 4 1-4 E, 8.90 chns. to a stone, corner of lot No. 2, thence S 87 1-2 E, 14.64 chns. to a maple on the Henderson road, thence along said road 5.50 chns. to the beginning, containing 20 acres, as shown by survey of Thomas Taylor in the division of Sam Brame land. See deed of Isham Brame and others to Bertha and Ella Brame. This 3rd day of August, 1933. A. A. BUNN, Trustee.

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