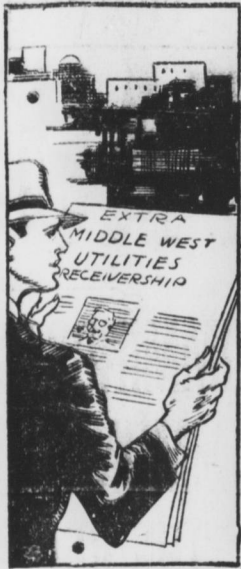


Wall Street Turns Deaf Ear As Insull Empire Totters

And His \$3,000,000,000 Financial Structure Crashes

LIFE STORY OF SAMUEL INSULL



Middle West Utilities goes into receivership.



Rosa Raisa, opera star, one of the heaviest investors in Insull securities, lost \$500,000.



Auditors find financial jugglery in Insull books.



For three hours Insull signs resignations, sweeping away every vestige of power he possesses.



Insull flies to New York and sails for France.



The Chicago fugitive makes his last plea against extradition, in a Turkish court at Istanbul.



Under arrest Insull comes back to the U. S.

(This is the fifth and final article of a series on how Insull rose and fell. This tells of his fall.)

(By The Central Press)
Chicago, May 5.—On a summer's day in 1932 an old man, his face wan and haggard from sleepless nights and his hand trembling as he wrote, sat at a desk for three hours as he read and signed papers that a secretary placed before him.

It was Samuel Insull no longer the haughty and autocratic czar of a three-billion-dollar utilities empire but now a fallen idol.

When Insull finished his three hours of signing resignations he had signed away every vestige of authority that he had possessed. He had resigned as a director of 85 public utility companies chairman of the board of directors of 65 and president of 11.

Sweep Before Tide
The same tide that had suddenly swept him to disaster also had swept away his personal fortune which people believed to be 100 million dollars.

He was out now, with an \$18,000 a year pension that three Chicago utilities company had granted him out of sympathy.

It had taken Samuel Insull 40 years to rise to his position of wealth and power in Chicago. He had lost all this in as many days.

The first public indication that all was not well with Insull's vast utility empire came in April, 1932, when the Middle-West Utilities company was thrown into receivership through inability to pay a comparatively small bill for printing Wall Street, of course had known for months. Soon Insull's two great super-holding companies—Insull Utility Investments and Corporation Securities company of Chicago—came crashing down around his ears and his disaster was complete.

An Army of Investors
But Insull was not the only one who suffered. Scattered from Maine to California were 600,000 persons who had invested in Insull securities and the losses they sustained as the result of his failure are estimated at from \$700,000,000 to \$1,000,000,000.

One investor alone, Rosa Raisa noted opera singer, lost \$500,000—her earnings for years. Losses ranged from that on down to a few dollars—but usually nearly everything the investor possessed.

It was not the depression alone that wrecked Insull. It may have hastened the collapse by drying up the sources of new money as the investing public's purse strings tightened, but the real cause lies deeper. The germ of destruction was already there.

Auditors, digging into the Insull ruins in search of assets uncovered amazing examples of financial jugglery and speculative revelry in his big holding companies.

One investigator declares the hand-
FORECLOSURE SALE
By virtue of the power contained in a deed of Trust executed by E. L. Stone, Thelma Stone and Julian Stone recorded in the office of the Register of Deeds of Vance County in Book 151, at Page 439 default having been made in the payment of the debt therein secured on request of the holder of the same, I will offer for sale for cash, by public auction at the Court House door in Henderson, N. C., to the highest bidder, on the 6th day of June, 1934, the following described property:

All that certain 100 acres land in Kittrell Township, Vance County, N. C., touched on North by lands of Blands and Kittrells, on West by lands of Peter Gill, and South by Peter Gill and described in deed from D. H. Gill and wife to Pattie D. Stone dated April 11, 1905, Book 43, Page 445, Vance County Registry, and same interest by parties of the first part, said E. L. Stone being the husband of Pattie D. Stone and Thelma and Julian Stone, their children, Pattie D. Stone died intestate in the year 1910.

D. P. McDUFFEE, Trustee
May 5, 1934.

Louis P. Dunn Co.
Insurance Real Estate Loans.
Phonics:
Office . . . 239; Residence . . . 716-W

some dividends which the public thought were coming out of earnings really were paid out of capital receipts, after making accounting entries by which these capital receipts were camouflaged as earnings. In the whole period of their existence, he declared, Insull Utility Investments and Corporation Securities company hardly covered their operating expenses, and yet they paid out over \$16,000,000 in interest and over \$12,000,000 in cash dividends.

Profits Did Not Exist
By shuffling of investments between various holding companies and juggling the accounts this same authority says, it was possible to show "profits" that never really existed.

When Insull Utility Investments folded up, the receivers' report showed total liabilities of \$253,994,341 and total assets of \$13,146,482, with all but about \$12,000,000 of the latter pledged to secure notes payable. Middle West

Utilities company showed no assets to cover preferred and common stocks carried at book value of \$220,924,641. As the depression deepened and the golden flood of the public's investments in Insull stocks diminished to a mere trickle, Insull struggled desperately to stave off disaster. To bolster his crumbling pyramid of reckless finance, he raided Insull Investments, Inc., of millions in sound securities and tossed these into New York banks to obtain badly-needed loans, with the result that these securities were lost when the loans never were repaid.

Abtitude of Speculators
Insull's blight deepened as he lost \$20,000,000 in a titanic financial fettle with Cyrus Eaton, Cleveland capitalist, who was buying into Insull's three Chicago operating companies and threatening to win control. Desperate for money, Insull pledged stocks of a market value of \$40,000,000 for a

bank loan of \$110,000,000 and bought Eaton's stock at a price that represented a \$20,000,000 profit to Eaton. When the market value of this collateral dropped below the \$110,000,000 loan, Insull tried to borrow more in New York. But that was the end; there was nothing more for him to pawn. Humbly this erstwhile czar of a three-billion-dollar empire begged and pleaded with Wall Street bankers, but they were deaf to his entreaties. Their banks were in too deeply already for safety's sake.

And so, for the lack of a few million dollars that he could not raise, this genius of finance who had builded a concern that once had been rated at \$3,000 million dollars, fell in the biggest business failure in the world's history.

No Place for Him
As a face-saving measure Insull was appointed one of the three receivers of his Middle West Utilities company,

but when the appalling condition of the Insull companies became known he was forced to retire. Soon thereafter Insull resigned all his other positions, who was now the mere shadow of his former self. Insull sought seclusion around Chicago for a while and then suddenly disappeared. It developed that he had boarded an airplane for New York and had sailed for France under an assumed name.

He lived for a time in a small hotel in Paris but when rumors of a plan to indict him reached his ears, he slipped out of Paris on a train for Rome and flew by plane to Athens, Greece, where he believed he would be safe from extradition to the United States.

Indicted in Chicago for larceny and embezzlement of \$500,000 from two of his former companies, Insull protested that he could not get a fair trial in Chicago and set about to fight return. In the Greek courts he won his battle against extradition, but when pressure from the American state department became too great the Greek government ordered Insull out of the country.

Final Flight Falls
On a dingy tramp steamer, the Malotis, which he chartered at Athens, Insull set sail for an unannounced port—presumably some country where he would be safe from extradition.

But he never got there. At Istanbul, Turkish police removed the protesting old man from his chartered ship, threw him into jail and turned him over to an agent of the United States government for return to Chicago and trial.

Ace Racketeer
Harvey Harris plays number one on the University of North Carolina tennis team, which opened its annual eastern tour at Navy Saturday, May 1. The Tar Heels have won 72 consecutive matches since Princeton gave them their one defeat of the 1929 season, and on their long, arduous northern trips of the past three years have established first claim to the national team title.

Harris, who plays a polished, all-round game, is from Raleigh, N. C., and is a former State high school champion. On this year's strip the Tar Heels will play Johns Hopkins Monday, Princeton Tuesday, Army Wednesday, Yale Thursday, Amherst Friday, and the Hartford, Conn., Golf Club team Saturday.

Don Shelton, of New York, president of the National Bible Institute, born at Odessa, N. Y., 6 years ago.

bank loan of \$110,000,000 and bought Eaton's stock at a price that represented a \$20,000,000 profit to Eaton. When the market value of this collateral dropped below the \$110,000,000 loan, Insull tried to borrow more in New York. But that was the end; there was nothing more for him to pawn. Humbly this erstwhile czar of a three-billion-dollar empire begged and pleaded with Wall Street bankers, but they were deaf to his entreaties. Their banks were in too deeply already for safety's sake.

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Between Innings
Charlotte Wins Again
Junie Barnes fell victim to Charlotte Hornets' bats last night in Wilmington as the Buch were defeated 5 to 3. A ninth inning rally by Wilmington fell through when Anderson fanned with the bases loaded.

Sandlappers Win
Columbia made it two in a row over Norfolk yesterday by walloping them 13 to 8. Each team got 11 safeties.

Pats Top Colts
Greensboro's Patriots gave the Richmond Colts another push last night in Richmond, sending them deeper into the cellar, winning 8 to 2. Herb Moore allowed the Colts but four safeties.

James C. Cooper
REAL INSURANCE SERVICE
PHONE 204-J
HENDERSON, N. C.

For old style or Champion Brand Chilean Nitrate of Soda see THE COOPER CO.

Fascinating Facts of Nature
The ground is Nature's magic workshop. In the ground she brings seeds to life, she forms her jewels, her precious metals. In the ground she creates plant foods that are life-blood of farming in the South—potash—phosphate—and Chilean Natural Nitrate.

Chilean NATURAL NITRATE
The only nitrogen that comes from the ground.

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The Spun Glass Mystery

A TALE OF SCOTLAND YARD by H. FIELDING

READ THIS FIRST:
John Tait, stepson of wealthy Lady Tait, is engaged to marry Lucy Burnham, a widow. In France, where the three were sojourning, Lady Tait takes a dislike to Gillian Dundas, a beautiful girl, who, it is disclosed, is blackmailing Tait for a past indiscretion. Back in London Tait becomes alarmed when his business associate, Lord Mills, is found shot to death. Mrs. Burnham takes Miss Dundas "under her wing" much to Lady Tait's annoyance. A luncheon given by Lady Tait in honor of Tait and his fiancée, and attended by John's cousins, Alysia, Etta and Claud Naylor, is a poor success owing to Tait's apparent uneasiness. Tea is interrupted by the discovery of John Tait's body on the sidewalk in front of Lady Tait's home. Suspecting he has been poisoned, Chief Inspector Pointer of Scotland Yard investigates what appears to be murder and first questions the victim's cousin, Claud Naylor. Talking with Lucy Burnham, Pointer learns that Tait received a death threat by letter the same day Lord Mills had killed himself. Then the inspector interviews Lady Tait.

(NOW GO ON WITH THE STORY)

CHAPTER 28

"I THINK YOU do," Pointer agreed. "Your idea then is, that whatever it was between them was being renewed?"

"Oh, no! My son was entirely and deeply in love with Mrs. Burnham; as you would have known had you heard the tone of his voice, as well as his words, when he left her—only a little over an hour ago!" Emotion then nearly overcame her, but she steadied her lips and went on after a pause. "No. He was trying to get out of some old affair—some escapade—that sort of thing." There fell a short silence.

Pointer asked her if she had ever seen the pen to which the gold top in his hand belonged. He had picked it up, he told her, on the dining room floor. Lady Tait looked at it without interest, said she had never seen one like it to her knowledge, and suggested therefore Mrs. Burnham as the possible owner. "Though it would be quite in keeping with the preposterous belongings of Miss Dundas, if it were hers."

Cleverly concealed but very skillful questions had led to no confidences about threatening letters having been received by the dead man, so Pointer put the question finally point blank. Had her stepson received any such?

"Of course not!" she said to that in a tone of sharp, almost terrified indignation. "What a wild and romantic idea, chief inspector!"

So now he knew what she had been keeping back. Lady Tait knew of such a letter, or letters, or the possibility of their having been received, and for some reason wished to withhold the information from the police. . . . He thanked her, closed the interview on that, and next saw Miss Naylor. He learned nothing from Alysia. He did not think that she was in possession of any knowledge that would help him. Her interests in the tragedy were entirely as to how it concerned herself, so he read her. He might be all wrong, of course, but for the present, he put her down as a talker, not a doer.

But her sister Etta, who came next, was an entirely different proposition, apart from the strange glimpse that he had had of her watching Gillian Dundas so intently. Here was a strong character, he thought. It was not the kind of face that he, the chief inspector, cared to see in the family of one who had died by poison. Not that it was an evil face, but it was the face of one who thought her own thoughts, would go her own way. Something about the handsomely-cut, full lips



Etta claimed not to recognize the pen-top.

suggested intense repression. The cheek bones were high, the neck short rather than long. A woman of swift action when roused, one would expect. Not the face of one to quietly endure. And yet something about those lips suggested a woman who had endured much. Unlike Lady Tait, there was a singular tone of insincerity about all that she said to him. But Pointer did not think her fundamentally insincere. She affected him more as a woman who might be very sincere indeed, but who, for some reason, chose to assume a character, play a part quite at variance with her natural one.

These smug sentences with which she referred to the inevitability of death and our duty so live that we could at any time be called away, struck him as so many gags used by an actress, yet he felt that she was far more interested in the tragedy than she showed. Or rather, he felt that her interest was quite removed from anything to do with the emotions, with grief, or with horror. He had felt the same about her brother. There was a look in the eyes of both that spoke of some acting, engrossing preoccupation arising from Tait's death. Pointer's habit, in a murder case, was always to ask the person to whom he was talking who that person thought might have committed the crime, unless they had already suggested a criminal. His question was put entirely with a view to obtaining information as to the relationships among themselves of the circle around the dead man. Many a time, unsuspected mistrusts, enmities of which he would never have otherwise heard, rustled and showed themselves in answer to that query, like snakes coming to the charmer's flute.

Etta, like Alysia, told him that she had no idea where to look for the criminal or the motive. So she would not name the girl on the landing. Yet, if her fixed stare at that shrinking figure had not meant suspicion, what did account for it? Strange currents flow into and out of murder. If John Tait's death proved to be, as seemed certain, a planned murder, they would surely be here too. He asked her to describe the scene in the hall when the body was brought in. He learned nothing, except that she confined herself rigidly to facts.

"Who profits by Mr. Tait's death?" he asked, after a pause.

"If you mean in a money sense, all three of us, his cousins, profit. But the only real profit, chief in-

spector, are the things that cannot be set down in a will. . . . "True," he agreed placidly, "yet of the things that can be so set down and handed on, you, your sister, and your brother are the sole inheritors?"

"We're his only relatives. Yes. It is at times like this that one realizes how little money means, how passing its possession."

A question as to where Tait had lunched today met with an absolute inability even to guess.

"What exactly is the position of the young lady whom I saw standing for a moment on the landing?" Pointer asked.

Gillian Dundas was explained briefly but very accurately by Miss Etta.

"She hardly knew Mr. Tait, then?" Etta further explained about Vichy.

"So they had met at Vichy?" She nodded. "Yes, but she knew him very slightly indeed. She certainly did not know him well enough to poison him." She said this with a certain gleam of the eye that made him feel sure that there was a bit of the real Etta Naylor. Pointer, finding that there was nothing to be learned from Miss Naylor without her will, and nothing with it, passed on for the moment, as he had done in the case of her aunt.

She, like her elder sister, claimed not to recognize the pen top. "I wonder if you would kindly arrange for Miss Dundas to come in for a word?" he said as he went to the door. "I think she may be of great help."

For a second a curious look passed over Etta Naylor's handsome face. A very singular look made up of more than one emotion.

She shot a most penetrating look at Pointer.

"Can you ride in this race and win?" was in her eye. But she only said "indeed?" On the principle that outsiders see more than insiders?

"Something of that sort," he agreed. As he opened the door for her Gillian Dundas came in very differently, very listless in look and bearing. She sank into a chair without a word, and, resting her forehead on her white hand with its mandarin-colored nails, looked dumbly down at the table. Then she raised her eyes and Pointer was genuinely startled. Terror and dread stared from her white, delicately-painted face. And looking into his clear, calm, very grey eyes, the girl showed yet more plainly as guilty fear, abject and absolute.

(TO BE CONTINUED)

NONSENSE
SAY, LANDLADY, THIS IS THE FIFTH TIME THIS WEEK WE'VE HAD FRIED CHICKEN—CAN'T WE HAVE SOME BEANS AND PRUNES FOR A CHANGE?

BOARDING HOUSE
THIS MAKES SIX DAYS OF HIGH POINT, N.C. A MEMBER SWAN

INDEPENDENTS OPEN SEASON ON SUNDAY

Meet Macon At League Park at 3:30 P. M. Silver Offering To Be Taken

The Henderson Independents will open their season her tomorrow afternoon at 3:30 o'clock at League Park meeting Macon.

Captain Archer Boyd has had his boys working hard all during the week and has them in fine shape for the game.

No admission will be charged but a free will offering will be taken and fans are asked to make it as liberal as possible for the team needs funds with which to start its season.

Standings

PIEDMONT LEAGUE

Club:	W.	L.	Pct
Charlotte	7	3	.700
Columbia	7	4	.630
Wilmington	7	5	.582
Norfolk	7	5	.583
Greensboro	4	6	.400
Richmond	1	10	.091

AMERICAN LEAGUE

Team:	W.	L.	Pct
New York	9	5	.643
Cleveland	7	4	.636
Detroit	7	6	.538
Boston	7	7	.500
Washington	7	8	.467
St. Louis	5	7	.417
Philadelphia	6	8	.425
Chicago	4	7	.364

NATIONAL LEAGUE

Team	W.	L.	Pct
New York	11	4	.733
Chicago	11	5	.688
Pittsburgh	8	6	.571
St. Louis	8	7	.533
Boston	7	7	.500
Brooklyn	7	8	.467
Philadelphia	4	10	.286
Cincinnati	3	12	.200

PIEDMONT LEAGUE

Greensboro 8; Richmond 2.
Columbia 13; Norfolk 8.
Charlotte 5; Wilmington 3.

NATIONAL LEAGUE

Pittsburgh 4; New York 3.
Chicago 8; Boston 1.
Brooklyn 6; Cincinnati 3.
St. Louis 3; Philadelphia 1.

AMERICAN LEAGUE

Cleveland 5; Washington 3.
New York 3; Detroit 0.
Boston 4; St. Louis 1.
Chicago-Philadelphia, rain.

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