

WHITE HOUSE TAKES HAND ON TAX BILL

CANDIDATES MAKE EXPENSE REPORTS ON THE CAMPAIGN

William H. Griffin Lists \$1,680 and Bailey \$1,959 in Primary Campaign Efforts

BAILEY RECEIVED \$1,295 DONATIONS

McRae Only Gubernatorial Candidate Listed, With Donations of \$295, Expenses \$785; Gilliam Grissom, Has Spent \$455 and Has Received \$466

Raleigh, May 26 (AP)—William H. Griffin of Chapel Hill, a Democratic gubernatorial candidate, reported today he had spent \$1,680.25 thus far in his campaign and the incumbent he opposes, Senator J. W. Bailey, listed expenses of \$1,359.11.

All of the candidates, Democratic and Republican, must file expense statements, as well as lists of contributions to their campaign funds by midnight tonight with Secretary of State Stacey W. Wade.

Griffin listed no contributions, while Senator Bailey said he had received \$1,295.

M. R. Dunnagan, of Yadkin county, candidate for the Democratic nomination for secretary of state, listed no contributions, said he had raised his funds by loans and showed expenditures of \$785.99.

John A. McRae, of Charlotte, one of the four gubernatorial candidates in the Democratic fold, listed contributions of \$295. His expenditures were \$655.22.

Other reports included: George McNeill, Democratic candidate for the nomination for lieutenant governor, \$224.24 in expenditures and no contributions; Gilliam Grissom, Republican gubernatorial nominee, \$466 in contributions, and \$455 in expenses; Congressman John H. Kerr, of the second district, \$100 in contributions, \$105 in expenditures; Congressman Lindsay C. Warren, of the first district, no contributions or expenses; Congressman Graham A. Barden, of the third district, \$15 in contributions and \$202.50 in expenses.

IDENTIFY VICTIM OF TORCH KILLING

Socially Prominent Woman of Clinton, Mass., Slain in Hampshire

Keene, N. H., May 26.—(AP)—The torch murder victim of Wautasticket mountain, was identified today as Mrs. Elizabeth Cannon Freel, 50, a socially prominent matron, of Clinton, Mass.

Robert E. Freel, superintendent of the Wauchetts Electric Light Company at Clinton, and husband of the woman, and others from Clinton, identified the woman's body.

They came to Keene after reading accounts of the woman's dental work. After viewing the body, they declined further information.

County Solicitor Arthur Olson, who announced the identification, said Mrs. Freel disappeared from home May 15. She had been in the habit of leaving home for several days at a time, he said.

Mrs. Freel was the mother of three children, two daughters and a son. She was active in the social life of the town.

A revolver and a gasoline can found beside the body of the woman last Thursday were obtained by her in White River Junction, Vermont.

Six Killed With Crash Of Airplane

Amos, Quebec, May 26.—(AP)—A Canadian passenger plane crashed, in which six men died, drew official investigators today to the fastnesses of northern Quebec, which kept the disaster a secret for two days.

The circumstances of the crash, which became known only late last night, after the plane plunged to earth last Sunday, were still enveloped in mystery. A General Airways pilot, Gath Edwards, searching for the missing ship, found the overturned wreckage about 100 miles northeast of this mining town, and 250 miles northeast of Quebec.

Socialist Party Chooses Candidates at Cleveland



Mayor Daniel W. Hoan (right) of Milwaukee was keynoter at the national convention at Cleveland where leaders of the Socialist Party urged that a ticket be placed in the field to oppose both major parties. Scene above was made in the convention hall as question of seating delegates threatened a bitter fight between the adherents of Norman Thomas, twice Presidential nominee, and Professor Maynard Krueger of the University of Chicago, Leftist leader.

35 More Warrants Issued For Black Legion Groups

War of Extermination of Michigan Terrorists Is Pressed in Vicinity of Jackson

THREE GUARDS AT PRISON ARE NAMED

Held for Investigation Into Death of Another Guard; Denial Made That Black Legion Planned To Take Over United States Government

Detroit, Mich., May 26.—(AP)—The war of extermination on the black legion brought 35 warrants charging kidnaping and felonious assault in Jackson today against members of the secret order accused of stripping and flogging a relief worker who refused to join.

Acting with speed that matched that of authorities of Detroit in charging 13 members with slaying of Charles A. Foote, Prosecutor Owen Dudley, of Jackson, swore out warrants today against three guards at the Southern Michigan prison, a resident of Norville, and 21 "John Does" accused of participating in the beating last November 5 of Harley Smith, father of five children.

The men accused are Ray Ernest, said by Dudley to be a "brigadier general" in the terrorist band; his brothers, Glenn and Clarence, and Allen Bascom. The Ernest brothers are guards at the prison.

The men held at the State police post in Jackson for investigation in

COUZENS TO RUN AS A REPUBLICAN

But He Will Return to Capital With Sympathies With Democrats

By CHARLES P. STEWART
Central Press Staff Writer
Washington, May 26.—Senator James Couzens of Michigan probably is the richest man in public life.

And when he feels like it, as generally he does, he is one of the most politico-economically liberal. Occasionally, however, he takes what the progressives consider the conservative side of some national question. They say he is erratic. His version is that he is independent. He certainly is.

The progressives in Congress greatly like him, but when he is opposing them he makes them angrier than the reactionaries do. They expect opposition from the reactionaries, but they cannot understand it, coming from him.

F. D. R.'S POPULARITY
The senator tells why, in his opinion, President Roosevelt is so popular.

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Six Men Drowned As Ships Collide

London, May 26.—(AP)—Six men were reported missing and probably drowned today after the steam trawler Florio sank three minutes after colliding with the tanker San Salvador in the North Sea.

This report, received by the owners of the San Salvador, added that the 14 other members of the Florio's crew had been rescued by the San Salvador.

Lloyds earlier stated it was informed 20 men were missing. Both the tanker and the trawler were of British registry.

The tanker was badly damaged and proceeded to the river Tyne with her hold partly flooded.

The collision occurred in a dense fog.

MCDONALD SLATES IN EAST HURTING

Opposition to W. G. Clark in Edgecombe Rebounds Much in His Favor

Daily Dispatch Bureau, Raleigh, May 26.—(AP)—Dr. Ralph W. McDonald is still leading in a good many of the northeastern counties of the State, his lead is much smaller now than it was two weeks ago, while in a number of those counties either Clyde R. Hoey or Sandy Graham is generally regarded as being in the lead, according to residents of those counties with whom this correspondent talked in a swing through about 14 counties over the week-end. There was not a county in which the writer stopped in which it was not agreed that Dr. McDonald was definitely losing votes.

The counties touched in the course of this trip were Nash, Edgecombe, Halifax, Martin, Bertie, Hertford.

(Continued on Page Two.)

Graham Not For State's Liquor Act

Folger Corrects Error in Paul Article On Graham Published on Monday
(Special to Daily Dispatch.)
Raleigh, May 26.—A. D. Folger, State manager for A. H. (Sandy) Graham in the campaign for governor, issued this statement here this afternoon:

Feature article on Sandy Graham prepared by C. A. Paul, of Charlotte, offered for publication in afternoon papers of Monday, carries paragraph on Graham platform absolutely wrong as to facts and grossly unjust to Graham candidacy. Sandy Graham has not, does not and will not advocate State liquor store system with the revenue to be applied towards reduction of the sales tax levy to not

(Continued on Page Three.)

MCDONALD'S LEAD SMALLER IN EAST NEWSMAN IS TOLD

Gains Are Made by Hoey and Graham As House-to-Home Canvasses Are Being Made

INQUIRIES MADE IN ABOUT 14 COUNTIES

Strength of Several Contestants Is Enumerated by Counties As Result of Casual Observations; McDonald's Rivals Have Been Greatly Aroused Lately

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Two Of Townsend Leaders Refuse To Become Witnesses

Old Age Pension Leader's Defiant Attitude Assumed by Couple of Lieutenants

TOWNSEND ORDERED THEM TO BE SILENT

Congressman McGroarty, One-Time House Townsend Bloc Leader, Tells of Bills He Drew for Transaction Tax To Raise Funds To Put Plan into Effect

Washington, May 26.—(AP)—Dr. F. E. Townsend's defiant attitude toward a House investigating committee was emulated today by two of his old age pension leaders, who failed to appear when they were called for questioning.

Chairman Bell Democrat, Missouri, called for John Keifer, of Chicago, and the Rev. Clinton Wunder, of New York, when he opened today's hearing. Neither answered.

Bell noted for the record that both were under subpoena to appear today before the committee. The chairman then told newsmen a closed session of the committee this morning failed to change the situation in regard to action against Dr. Townsend for his walk-out last Thursday and refusal to testify further.

Both Keifer and Wunder were among those officials of the organization whom Townsend had instructed not to testify. In a surprise move, Bell then called Representative McGroarty, Democrat, California, one-time leader of the House Townsend bloc.

Questioning of McGroarty revealed that he introduced bills involving the Townsend plan for a transaction tax to raise funds for a \$200 monthly pension to the aged.

VIGILANCE NEEDED AGAINST BAD BILLS

Measures Hurtful to People Sometimes Come Near to Being Passed

By LESLIE RICHEL
Central Press Staff Writer
VIGILANCE is necessary in Congress to prevent passage of bills harmful to the people.

Recently, a bill to amend the bankruptcy act was introduced in the house by Representative Randolph Perkins, Republican, of New Jersey. It was reported from the House Committee on Judiciary and was passed by the House. Thence it went to the Senate, which sent it to the committee on judiciary.

The law now permits three creditors owning \$1,000 or more of debt of a corporation to file a petition in bankruptcy and cause reorganization proceedings. The bill changed that. It provided that the three creditors must own at least five per cent of the total indebtedness.

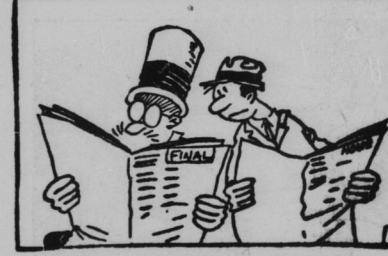
Undoubtedly the existing law permits unscrupulous attacks on corporations and this brought about approval by the House or some change. Apparently, however, few members realized what five per cent of the indebtedness meant. It virtually meant immunity for inside interests in very large corporations, for it is a practical impossibility to get together persons owning five per cent in order to bring reorganization proceedings.

For example, the 1934 figures of Associated Gas & Electric Co., of which Howard C. Hopson is the dominating force, showed a total bonded debt of approximately \$28,000,000.

Five per cent would mean that creditors would have to collect \$13,000,000 or so of debt in order to bring reorganization proceedings. The Associated Gas is mentioned because of pro-

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OUR WEATHER MAN



FOR NORTH CAROLINA.
Partly cloudy tonight and Wednesday, with scattered showers in the mountains Wednesday afternoon.

For President



NORMAN THOMAS

17 Missing In Jersey's Forest Fire

Five Known Dead and Miles of Blackened Woodland Are Left by Flames

New Gretna, N. J., May 26.—(AP)—Seventeen or more men were missing today as the worst forest fire in recent years rolled across the south Jersey plains, leaving a total of five known dead and miles of blackened woodland.

Hundreds of weary fire fighters, volunteers and CCC workers battled the flames along the wide triangular front in the fire area.

By mid-morning came the news that the fire was believed "well under control," but the exhausted fighters kept at their work mindful of the fact that the fire found new fury early today just when they thought it was conquered.

Division Fire Warden Thornburg said he knew of two district fire wardens and 15 men missing somewhere in the fire area.

The CCC camp at Bass river, near here, said a number of its men who went to the firelands last night were unreported. Camp authorities, however, expressed the belief most or all

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BRITISHERS FIGHT PALESTINE ARABS

Trans-Jordan Troops Led by British Officers; Jews Are Fired On

Jerusalem, Palestine, May 26.—(AP)—Trans-Jordan troops under British officers fought a long range rifle battle with Arab snipers today in the Esdraelon valley.

The snipers, hidden on a hillside, opened the battle by firing into a Jewish settlement. The troops advanced against the concealed riflemen and firing from the hillside stopped. No casualties were reported.

Previous to the fight, British forces campaigning to restore order after 40 days in which at least 50 persons have been killed, fought two engagements, dispersing a mob of 200 Arabs in one clash, but withdrawing before an Arab advance in the other.

The British high commissioner for Palestine, Sir Arthur Wauchope, in an address, warned terrorists: "No strife, no violence can deter the government from fulfilling its obligations under the League of Nations."

TIGHTEN PENALTY TAXES ON EXCESS SURPLUS ACCOUNT

Corporation Holding Back Over \$15,000 or 40 Percent, Must Explain Action

EXTEND STATUTE OF LIMITATIONS TIME

Made Four Instead of Three Years; Sugar Tax Proposed as Part of Measure, To Be Rejected; Too Many Complicating Factors Involved in That Levy

Washington, May 26.—(AP)—As Democratic members arranged to consider with President Roosevelt tonight on the tax bill, the Senate Finance Committee agreed today definitely to tighten up provisions of existing law for penalty taxes on corporations "improperly accumulating surpluses."

The committee decided that every corporation which retains more than \$15,000 of its income, or more than 40 percent of its income, whichever is greater, shall be required to file a statement with its tax return setting forth the reason for accumulating.

It agreed, too, to extend from three to four years the statute of limitations applicable to collection of high taxes on corporations which build up surpluses improperly for purposes of allowing stockholders to avoid surtaxes in the upper income brackets.

Acting Chairman King, Democrat, Utah, said they were "more psychology than realism," and that their effect would be to make large corporations a "little more careful in withholding," and to induce them to make bigger distributions of their earnings.

Earlier the White House had announced that Democratic committee members would confer with the President, at the request of Chairman Harrison, Democrat, Mississippi, who absented himself from the committee session today because of illness.

Final approval of the tax bill was regarded as certain to be held over at least until tomorrow.

The committee expected to vote during the afternoon on whether to impose an excise tax of one half cent a pound on sugar and on a proposal for additional excises, some as high as 4-1/2 percent on imported vegetable oils.

A sub-committee headed by King decided, after hearing a barrage of opposition from beet sugar interests, to recommend that the sugar tax be rejected.

King said he had not been advised of the White House conference tonight and did not know its purpose.

COMMITTEE AGREES NOT TO LEVY TAX ON SUGAR

Washington, May 26.—(AP)—A Senate finance sub-committee agreed unanimously today to recommend against including a proposed tax of one half cent a pound on sugar in the new tax bill.

Sub-committee members said too many complicating factors were involved to permit carrying the excise levy in the revenue bill, even though it would raise around \$66,000,000 and list the total estimated yield of the measure to about the \$620,000,000 of permanent funds requested by President Roosevelt.

EXPECT ACTION ON NEW GUFFEY PLAN

Some Opponents of Former Act, Killed by Court, Are For New One

Washington, May 26 (AP)—The possibility of favorable action by the House Ways and Means Committee on the new Guffey-Vinson bill was projected by Representative Sam Hill, Democrat, Washington, after a two-hour closed session on the substitute measure.

The committee member expressed this view to newsmen after representatives of the Justice Department and the bituminous coal commission had testified and were requested to appear again when the committee reconvenes again later in the day.

Representative Woodruff, Republican, Michigan, who opposed the original bill last year, told reporters he thought the new legislation was "all right," and said he was willing to "take a chance" on it.

Representative McCormack, Democrat, Massachusetts, who fought the old bill last year, but voted present to allow it to reach the House floor, said today his mind was "still open."