

The Mount Airy News.

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FIVE YEARS IN PENITENTIARY IS SENTENCE OF A. W. GEORGE

Jury Convicts Elkin Banker of Misappropriating Funds

DEFENDANT WILL APPEAL

Bank Failed in May 1921 With Shortage of Over \$57,000—Cashier Held Responsible—Judge Reproves Defendant For Not Coming Clean With the Whole Affair—Mr. George's Testimony Did Not Satisfy.

Five years work in the state penitentiary now looms up before A. W. George of Elkin, former cashier and president of the Farmers & Merchant Bank, of that town. He has no doubt by this time had spare moments left to himself in which to reflect over the long time that he will perhaps be kept from his home, his wife, his three small children, his friends and his 80-year old mother who makes her home with him, all because a jury of Surry citizens has said that he took the money entrusted to his care by his fellow men and so conducted the bank as to cause a shortage of more than \$50,000 in its funds.

Just three years ago this month auditors of the Corporation Commission closed the bank when they discovered it to be insolvent, and after working on the books three weeks found a shortage of \$57,000.00 in its funds. The books were in such a miserable condition that many items and entries were never satisfactorily straightened out. The prosecution has contended that this shortage came about as the result of issuing certificates of deposit, taking the money for private purposes, and making no record of the transaction on the books of the bank.

When the auditor made his examination he found many certificates that had been issued and paid for at a greater sum than the stubs and entries showed. This was in addition to the certificates issued where no record of any kind had been made.

Failed to Make Proper Record of Certificates

In the trial of the case the indictment charged Mr. George with making a false entry in his books for the purpose of deceiving the auditors, and defrauding the depositors and stockholders. The indictment charged him with issuing certificate No. 1781 for \$2,000, entering it on the stub book for \$20, and then paying it as \$2,000. There were also other instances where certificates of the bank were issued and carried through the books in substantially the same manner.

The defense had testimony to try to prove to the jury that the issuance of certificate No. 1781 was merely a clerical error. They had the owner of the certificate, a farmer from Yadkin county in court who testified to this effect, but the state offered as corroborative evidence the large number of other entries and certificates falsely issued which it contended was all done for the purpose of defrauding the bank.

In the former trial held just two years ago and which resulted in a mistrial the state placed before the jury all evidence of the defendant's alleged mishandling of the bank. There was such a large amount of this that it could hardly be unfathomed only by the man trained in intricate book-keeping and high finance. At the trial last week Solicitor Graves changed his plan in conducting the case and relied on the matter of the unlawful issuance of certificates of deposit and making a false entry of

the amount they were issued for and in other instances of making no record at all.

Mr. George Testifies in His Behalf

At the former trial the defense offered no testimony, not even Mr. George going on the witness stand, this trial he testified in his own behalf. It is reported that this act was against the will of his attorneys; that they plead with him all during the conduct of the case that he must not go on the stand; that they reasoned with him that owing to his previous condition and having been ill for several weeks he would not be able to keep his head and give satisfactory answers to questions propounded him by the prosecution. However, what pressure there was brought to bear to dissuade him from his purpose was of no avail. And in his testimony all admit that he did himself more harm than good. He could not explain satisfactorily many of the transactions and entries, and many of his replies were he didn't remember or didn't know. As to the certificates issued and not correctly recorded he stated that it was just an oversight or error on his part that it was done. All during his stay on the witness stand he was cool and undisturbed and did not appear to realize that his freedom was at stake. He seemed to have perfect confidence in himself and appeared to believe that the jury would take his version of the unfortunate affair in preference to the mass of evidence produced by the prosecution and vindicate him of all the charges on his own statement.

Bank Long in Poor Condition Say Auditors

From all evidence presented and that obtainable it would appear that the failure of the bank was a case of a man trying to hold a job beyond his ability and capacity. For two or three years before the bank was finally closed the Corporation Commission was often in correspondence with it in regard to its condition. The bank was closed on May 26th, 1921. As far back as April, 1919, the examiners were criticizing its management and conduct. On April 9, 1919, John G. Nichols, chief bank examiner for the state took the matter in his own hands and visited the bank and checked over its books. On his return to Raleigh he addressed a long letter to W. S. Reich, then president of the bank, also sending a copy to Mr. George, cashier, telling of the condition he found. The report of the findings of Mr. Nichols in part was as follows:

Conditions Bad Two Years Before Closing

"April 19, 1919.
"Mr. W. S. Reich, Pres.,
Farmers & Merchants Bank,
Elkin, N. C.

Dear Mr. Reich:
Following up our examination of your bank on April 9, 1919, I wish to call your attention to the items of criticism, and ask that you call a meeting of your Board of Directors and have them discuss these items, advising me of the action taken. You will please make this letter and all replies thereto a part of the minutes of the meeting.

ACCOUNTS

Cashier's checks short, \$157.05
Loans and discounts short, 5,334.14
Certificates of deposit, over 3,597.15
Individual ledger over, 826.51
Cash over, 1,011.51

This is a very serious situation and should be remedied. The audit agreed to will adjust these differences but the question in my mind is the cause of this condition and the remedy.

OVERDRAFTS

\$4,734.95. These items must be collected at once and all offenders notified that this practice has been discontinued. This amount represents 84 overdrafts, a very large percentage of your depositors.

CASH ITEMS

\$1,589.55. These also must be collected and the practice discontinued. All items should be cleared daily and not held over from day to day under any circumstances.

OTHER REAL ESTATE OWNED

The property owned by your institution described as factory lots and carried on the books for \$3,600, the net income from which is \$100 annual-

ly should be sold during the present year.

LOANS AND DISCOUNTS

Past due paper \$35,214.80 is excessive and must be reduced by either collection or renewal with ample security at once. Your bank should at no time have past due paper in excess of \$10,000.

The line of credit extended to J. S. Atkinson and his allied interests is considered very excessive, totaling \$13,659.62. This line must be reduced not to exceed \$5,000 at any one time.

Losses:—The following loans must be collected or charged off:

One Price Store Co. \$1143.61
J. W. Ham, 55.00
Surry County Drug Co. 270.90

Doubtful and slow paper—The following loans must be collected.

S. M. Gentry, 100.00
W. F. George, 150.00
Geo. Gough, 35.00
J. H. Harris, 187.00
J. H. Mathis, 560.00
J. R. Strange, 1,000.00
Floyd Mayes, 355.05
R. M. Osborne, 150.00
J. T. Pruitt, 271.88
Elkin Ice & Light Co., 2,000.00
Mt. Park School, 1,500.00
J. M. Simmons, 501.75

This paper has been standing in your bank for a considerable length of time and has the appearance of a fixed line of credit, which must be discouraged and eliminated.

IRREGULARITIES

Your bills receivable file was found in a very deplorable condition. The following were the defects noticeable:

The general appearance was untidy, that is the notes were very much worn and discolored from handling, collateral was scattered through the file with the notes covering same elsewhere. Collateral in many instances, was missing, in several cases not transferred to the bank. Indorsements in many cases were made by rubber stamp alone which is not a sufficient transfer, they should be indorsed in writing. The interest payments and credit on principal payments were in many cases obscure making it almost impossible to ascertain the true value of the notes.

BAD DEBTS

From the information I can gather from uninterested parties I estimate the following losses:

W. M. Story Lumber Co., \$1,022.42
Losses on notes overdue, 469.51
All other loans and discounts, shortage in account, 5,334.14
Overdrafts, 407.25
Cash items, 286.32
Total, \$7,519.64

This amount must be either cleared or charged off during the present year and as your surplus and undivided profits account only shows \$4,715.87 your next dividend must be withheld until advised by this department to the contrary.

GENERAL

The appearance of your bank on the day of the examination was very unsatisfactory being in a very untidy condition for a bank. The counters were loaded with papers, as well as the tables and desks. This condition must be remedied at once and a general house cleaning is in order. This has to do with the success and growth of your bank in the future, as there is no better advertisement for a bank than a neat, clean and up-to-date institution.

Yours truly,

John G. Nichols,

Bank Examiner.

"Copy to A. W. George, Cashier."

Mr. Reich Resigned As President; George Elected

In addition to the above report Mr. Nichols' letter further contained several paragraphs in which he offered recommendations as to a new system of bookkeeping and a revival of the method then used to file the bank's papers and notes. Some time after the receipt of the above letter Mr. Reich resigned as president of the bank and Mr. George was elected as president and cashier. It is reported that the action of Mr. Reich was the result of a disagreement over the conduct of the bank's affairs and that he resigned rather than be a party to any action that he did not think right, expedient or best for the interest of the depositors.

Jury Reached Verdict Without Much Discussion

The verdict of the jury was reached with very little discussion among them. The Judge finished his charge at one o'clock Friday. Court adjourned and then all went to dinner, including the jury. The jury came back to its room about two to begin deliberations. On reaching its room and before discussing the case all agreed to take a secret ballot to see how they stood on the first go. When all the tickets were gathered from the twelve jurors it was found that the

body stood unanimous for conviction. Then for about an hour the jurors discussed the different features of the case but, we have been told by some of its members, there never was a doubt in their mind of his guilt. They did not want to appear hasty in the matter and therefore tarried in the jury room until three o'clock. As they filed into the court room everything assumed a death silence. One of the attorneys for the defendant remarked with a groan, "They came in too early to do us any good." From this remark it would seem that the best they had hoped for their client was a hung jury.

As they slowly filed in it could be seen that there was an unusual sparkle about the eyes of most of them. On closer examination it was found to be a tear that had swelled into the eyes from the bottom of their hearts; they knew the consequences of their verdict; they knew it would send a man from his three small children, from his wife and from his aged mother; it was enough to make them think seriously, and breathe quick and short.

Jury Much Effected By Sympathy

After Sheriff Haynes had cautioned the audience to keep quiet Deputy Clerk Bledsoe asked the body of men if they had agreed, C. H. Childress of White Plains, who was sitting on one end of the front row, arose and in a husky voice replied, "We have." Then the question was asked, "Gentlemen, what be your verdict?" And in a quivering voice, hardly audible past the bar, he replied "Guilty," slumped back into his seat and began wiping the sweat from his forehead, not that of heat, but of agony out of pity for the condemned.

Defendant Maintained Stoic Attitude On Hearing Verdict

The defendant maintained his stoic attitude on hearing the verdict, his countenance never flinching, his head held up, and his eyes dry and looking straight forward. The Judge thanked the jurymen for their service and ordered the Solicitor to take up the next case. Court went on for some time and everyone began to think His Honor would pass sentence on Mr. George some other day. Just before adjournment he asked if the defendant George was in court, and on being informed that he was his attorney J. H. Folger, realizing that His Honor was about to pass sentence arose and entered a strong and impassioned plea of mercy for his client. He pointed to the good character Mr. George proved even to this date by the people of Elkin and Yadkin county. He brought to the court's attention that Mr. George did not squander this money, if such was done, for his own benefit, that he had never profited one penny from the bank's failure or from any application of its funds before its failure. He told the court how Mr. George had turned over all his property to the

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Elusive Derelict and Gas Buoy Worry Ship Masters

Norfolk, Va., April 25.—A derelict schooner and a drifting gas buoy which have been running amuck off the Atlantic coast several months, are causing ship masters as much worry as the proverbial Flying Dutchman did years ago.

The derelict schooner Governor Par abandoned by her crew October 3, has been sighted in various positions by passing ships, but invariably coast guard cutters sent out to destroy her have been unable to find the elusive derelict. She has drifted approximately 1,100 miles since she was abandoned and has appeared in so many places that ship masters are beginning to live in constant fear of seeing her loom up off their bows at any moment.

Frying Pan shoals gas buoy broke loose from its moorings November 14, 1923, and has been drifting ever since. For a long time the buoy light continued to burn and several ships reported glimpsing the wraith-like object bobbing up and down far out at sea. The buoy was sighted a few days ago about 300 miles due east of Cape Breton, N. S. This is between 1,500 and 1,800 miles from the point where she started upon her aimless cruise.

News Ads Do The Work

We are in receipt of the following notice—"Please take my ad. 'Horse For Sale,' out of the paper. The horse is sold." This ad appeared one time in our classified column at a cost of 5c per line.

MAROUNED CIRCUS SEEKS WAY OUT OF CALIFORNIA

Foot and Mouth Disease Ban Holds Al G. Barnes Show With Other Unfortunates

Arizona and New Mexico Men More Determined, Despite Vast Losses by Embargo.

Albuquerque, N. M., April 23.—You've come early to a circus and watched the crowds pouring in and said to your companion: "By golly, I wish I had the revenue from this show for just one day!" Well, by golly, you can have the revenue of a real circus if you'll only find a place for this circus to land.

Just select an open field in New Mexico or Arizona and get a permit to hold the show and the gross proceeds for the great Al G. Barnes circus are all yours.

For the Al G. Barnes circus is stranded in California with gobs of money to get out with. Furthermore it will stay stranded in California for life so far as the cattle and cheap men of New Mexico and Arizona are concerned unless there is a sudden end to the foot and mouth disease.

Long Siege for Stockmen.

The stockmen of the Southwest have just gone through three terrible years of drought that has bankrupted them almost to the last man. The prospects this year are the most favorable in ten years. There has been snow and rain, and the ranges are getting in good condition. And just when it seems that they can save a few dollars out of the wreck, the dreaded foot and mouth disease break out in California and threatens to spread.

Arizona immediately put an embargo wall about its California border that has surely never been equalled outside of war times. Seven hundred tourist automobiles were held up at Needles, and in some cases kept there for three weeks. At Yuma and other points, it is estimated that hundreds of others are in like predicament.

No animal coming from California is allowed to set foot in Arizona or New Mexico. No California fruits or vegetables may be taken off trains in these States. The dogs and pet canaries of tourists are being killed before parties are allowed to cross the border, and the people themselves must submit to the most rigorous disinfecting.

In California it is officially estimated that 57,000 head of cattle have been destroyed in an effort to halt the plague. There are quarantines in many counties of California. In Merced county the disease broke out a second time after authorities thought it curbed and 13,000 sheep were buried in one day in a frantic effort to stop the plague.

California Is Isolated

Nevada and Oregon and Old Mexico also have placed stringent embargoes on California products of all kinds. The great State of sunshine and roses is almost completely shut off from its immediate neighbors. The fear of authorities of New Mexico and Arizona is almost pitiable but when you know what New Mexico cattle and sheep men have gone through in the past few years, it is easily understood.

Two starved hostlers riding with a car of blooded horses begged for water and food at the Albuquerque station the other day, and were refused permission to put foot on the ground. They were supplied through the door of the car and warned not to get off under penalty of death.

Bejeweled travelers on Sante Fe trains are not permitted to exercise their Pomeranians on the state platform as usual. The poor petted animals are confined strictly to the baggage car, very fortunate to be alive, if they knew it, and their "mamas" can view them only in distant longing.

What such an organization as the Al G. Barnes circus will do is a problem. Let alone being compelled to give up arrangements for appearances that have been made months ahead, it is certain that it can't play in California all summer with profit. And it absolutely cannot get out unless pressure enough is brought to bear on nearby State officials to allow a one day's appearance.

The loss in money and prestige to California by the foot and mouth scourge will probably never be accurately estimated. With no definite

knowledge of just what the foot or mouth disease is, there is no means of combatting it short of killing the affected animal.

There seems to be no general opinion as to the transmissibility of the disease from bovines to humans, and until that can be settled California is in for a bitter time. The impression appears to be that the disease is carried on the hoofs of animals and the feet of men.

PRESIDENT MAY VETO IMMIGRATION ACT

Does Not Think Exclusion of Japan Good Business Policy

Washington, April 27.—The view widely prevails today—perhaps it is the predominating one—that a presidential veto is in prospect for both the soldier bonus bill, and the immigration bill, the last named measure contained the "loaded" Japanese provision. Both are pending in conference and both have received the approval of Congress in an impressive way.

It has created a difficult situation for the President to handle, and, as many see it, he must choose between politics and business. The President does not believe it would be good business or in harmony with the comity of nations to offend Japan, and he is equally convinced that it would not be good business to drain the treasury for the bonus.

President Coolidge is being admonished daily to deal with the subject of Japanese immigration on a biological basis, to bear constantly in mind that people who cannot be assimilated and incorporated into American citizenship should not be permitted to settle in this country, or to colonize at all. The President is substantially in agreement with his western friends but he thinks the end desired can be accomplished in a different way, and he has returned to the idea, that a new and even more effective gentleman's agreement could be achieved in treaty form.

During the last two days the President has talked to a number of senators about this, but they have told him that it is now too late to reconsider and it is this development that has led to the belief that the President will send the bill back to Congress with certain recommendations, a step which would be equivalent to a veto. Should the President pursue his course he will have to do so in the face of his best friends from the west, who say it will be very difficult under such circumstances for the Republicans to carry the Pacific coast states.

A few others who sympathize with the point of view of Secretary Hughes who believes the delicacy of the Japanese question should be fully recognized, are of the opinion that the administration will have the approval of a majority of the people if the President elects to handle the question like a statesman rather than as a politician.

The President believes the American policy in the near future should contemplate the cultivation of peace and good will with Japan, employ all the moral suasion that is possible in pressing for acceptance abroad of the Dawes report dealing with German reparations, and then go in for economy and tax reduction, along the lines of the treasury department at home. The President believes that the aim of the Democrats in dealing with taxation and the bonus has simply been to throw all the sop possible to the big groups of voters, sop to the soldiers, and promised sop to the taxpayers. A good business program of the sort mentioned, in the opinion of the administration will be worth vastly more to the soldiers and to all other classes of the population, than would the bonus or other pending bills designed to put a little money into the pockets of this or that bloc or group. And there is always the chance, some of the well wishers of the President reflect hopefully, that good business will in the end prove very good politics. They admit, however, that this is the sort of faith that is a prerequisite in moving mountains.

Too Late Then to Hunt

No time to hunt for a doctor or drug store when suddenly seized with agonizing intestinal cramps, deadly nausea and prostrating diarrhoea. Chamberlain's Colic and Diarrhoea Remedy gives instant warmth, comfort and ease from pain. Never fails.