

# The Mount Airy News.

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## McLEAN IS DEMOCRATIC NOMINEE FOR GOVERNOR

### Second Primary Necessary For Lieut.-Governor and Other State Offices

#### LATE RETURNS ADD TO LEAD OF McLEAN

#### Bailey Admits Knew He Could Not Be Elected

Raleigh, June 11.—Angus W. McLean, of Lumberton, former chairman of the war finance corporation and former assistant secretary of the treasury, was leading Josiah W. Bailey, of Raleigh, former collector of internal revenue, by more than 63,000 votes early today for the Democratic nomination for governor of North Carolina. Belated returns from isolated precincts which trickled in late last night and early today increased Mr. McLean's lead and with 79 counties reporting, Mr. Bailey was leading in only 16 of them. The vote early today with over 1,398 precincts reported out of 1,719 gave McLean 135,533, Bailey 78,874.

Both candidates made informal statements, Mr. McLean thanking his friends for their support which led to his apparent victory, while Mr. Bailey asserted he had "no illusions wrecked" by the result as it had been apparent to him three months ago that he would not receive the nomination. He declared, however, that his principles and loyalty to his friends induced him to remain in the race to the end.

Mr. McLean spent yesterday at his home in Lumberton while Mr. Bailey, who had voted Saturday and then gone fishing, was at his home in Raleigh.

Mr. Bailey today resumed his practice of law, appearing this morning as counsel in a case in federal court.

#### NO CANDIDATE FOR LIEUT.-GOVERNOR WINS

#### Another Race for Attorney General—And Second Contest Likely for Commissioner of Agriculture.

Raleigh, June 10.—Second primaries in many of the contests for Democratic nomination for state offices

appeared likely returns from Saturday's voting indicate.

The three-cornered race for the Democratic nomination for lieutenant-governor today continued to be unusually close as returns slowly filtered in. With 616 of the states, 1,719 precincts reported up to noon today, W. Elmer Long continued to lead but had less than 6,000 votes in excess of T. C. Bowie, who was running third.

With 616 precincts tabulated the vote stood: Long 33,390; Reynolds 29,292; Bowie 27,440.

If it develops that Long and Reynolds remain for the second primary, it probably will not be held as these two previously had agreed that the one with the lesser number of votes would withdraw in favor of the other.

A second primary it also appeared would be necessary in the commission of agriculture race through William A. Graham, the incumbent, with 37,129 votes lacked only 6,000 votes of a majority of the reported returns, these being from 587 precincts. Fred P. Latham, had 29,872 votes and T. B. Parker, 12,872.

In the attorney-general race 580 precincts gave Dennis G. Brummitt 30,138 votes; Charles Ross 28,188; and Frank Nash, 21,080 with a second primary needed if the later returns carry out this ratio.

Stacy W. Wade, incumbent, offering for re-election, had an overwhelming lead over his opponent, I. F. Flowers, of Charlotte, the vote of 510 precincts giving Mr. Wade 57,462 while Mr. Flowers had 15,174.

For state auditor, Baxter Durham incumbent, was leading J. P. Cook by approximately 10,000 votes when 519 precincts had reported. The vote stood Durham 46,086; Cook 36,164.

Corporation Commissioner George P. Pell, standing for re-election, had a commanding lead of nearly 14,000 votes from the first 519 precincts, the vote standing Pell 42,355; O. B. Carpenter 28,786.

A second primary it appeared would be necessary to elect a commissioner of labor and printing. With 540 precincts reported the incumbent, M. L. Shipman, was leading with 31,810 votes while Frank D. Grist had 28,068, J. Peterson 9,372; and L. M. Naah, 7,449.

### McLean Carries Surry

Majority Over Bailey in the  
County 936—Total of 2,088  
Votes Cast.

Two thousand and eighty-eight voters went to the polls in this county to vote for their choice for Governor on the Democratic tickets as well as a number of other state officials. Of the number voting 1,512 cast their ballot for A. W. McLean and 576 for J. W. Bailey. The vote in the towns was reasonably large considering the past while in the rural districts the people took very little interest in the contest. The day was ideal for work on the farm and many of those who had farm work on their hands did not trouble themselves with going to the polls. The vote in the county four years ago for the Democratic nominee was much smaller when Gardner carried the county by 154 over his opponent, Gov. Morrison.

In the contest for Lieutenant-Governor T. C. Bowie lead all his opponents in the Surry voting by a large majority.

Below we publish the vote for Governor by townships.

	McLean	Bailey
Bryan,	35	18
Elkin,	288	6
Eldora,	4	37
Dobson,	243	44
Franklin,	55	9
Long Hill,	3	11
Marsh,	56	17
Mount Airy,	538	251
Pilot,	86	16
Rockford,	55	7
Siloam,	36	21
Shoals,	57	16
Stewart's Creek,	53	114
Westfield,	3	9
Totals,	1,512	576

#### INSANITY DEFENSE OF TWO KILLERS OF BOY

#### Fathers Say Will Not Spend Millions—Two Chances To Get Them

Chicago, June 7.—Should Nathan Leopold, Jr., and Richard Loeb, millionaires' sons, indicted for the kidnaping and murder of Robert Franks, school boy son of another millionaire, escape capital punishment in the trial for murder, they will be tried again on the kidnaping indictment, according to Robert E. Crowe, state's attorney. Plans are going forward for two distinct and complete prosecutions.

The defense of the young university post-graduate students will be only that to which every human being is entitled, according to the first statement from their fathers, Nathan F. Leopold, Sr., box manufacturer, and Albert H. Loeb, vice-president of Sears Roebuck and company.

The fathers "have not the slightest inclination nor intention to use their means to stage an unsightly legal battle with an elaborate array of legal counsel and an army of high priced alienists in an attempt to defeat justice," the statement said.

The statement was interpreted in the criminal court building as meaning that the defense would set up a plea of insanity.

"Assuming that the facts in the case are substantially as published, then the only proceeding they favor is simple, solemn investigation under the law, touching the mental responsibility of their accused sons," said the statement. "If the accused boys are found by a jury to be not mentally responsible, their families, in accordance with their duty towards the community, agree that the public must be fully protected from any further menace by the boys."

In no event will the families of the accused boys use money in any attempt to defeat justice, the statement asserted, pointing out that the staff of two attorneys already retained would not be increased by international known legal experts, and that possibly one other Chicago attorney would be retained.

#### FLYERS NOW NEARING THE TYPHOON BELT

Globe Circles Will Stake All  
Planes to Ground When  
Not in Use.

Washington, June 6.—Sarring unforeseen accidents, the army world flyers should reach Calcutta, India, within the next week and there rest for the overland voyage to England, which it is expected can be accomplished in much faster time than has been made up to date, as the machines then will be operated as land planes, over known territory and organized airways.

A very careful overhaul was given the planes at the Japanese Air Station at Kasumigaura, 50 miles northwest of Tokio. New Liberty engines have been installed and tested and new pontoons attached, while all parts of the planes have been given a thorough inspection and a fresh coat of varnish, so that they can better withstand the torrid heat into which they are now rapidly plunging. Thirty-five of the Liberty engines, 1924 model, were given a complete overhauling, remodelling and testing in this country prior to their shipment, each engine being required to develop at least 410 horsepower on the torque stand to be acceptable.

It was originally intended to replace pontoons at Tokio with landing gear, but information received from China advised against these, due to the lack of proper landing facilities, whereas many good harbors were available. Therefore pontoons will continue to be used as far as Calcutta.

During the next two weeks there is a slight chance the aviators will run into trouble with typhoons. Typhoons generally occur in a series during the months of August, September and October, but do occur occasionally during May and June.

They are tremendous rotary storms of wind resembling the hurricanes of the West Indies. The storm centers in a small area and drives forward at twelve miles an hour or more, the storm itself whirling about the centre of the depression, in which the barometer readings frequently go as low as 28.8 inches.

High waves frequently accompany the typhoons, advancing inland carrying ruin and disaster and sometimes bearing ships far inland, where they are left stranded. These storms have their origin in the ocean east of China, in the vicinity of Formosa and the northern Philippine Islands and usually proceed from east-northeast toward west-southwest. Their course is generally along the coast of China.

Although the whole body of the typhoon advances at a comparatively slow rate, the winds whirl around the centre of the depression at from 80 to 100 miles an hour, in a direction contrary to the main hands of a clock, as do all the storms in the Northern Hemisphere. Deluges of rain fall during the storm, ten to twelve inches frequently falling in one day.

#### Staked Down Over Night.

It is doubtful if any of these typhoons will be encountered by the American flight, but provisions have been made at each of the stops through China to take the planes out of the water over night and stake them down to they can withstand these storms. Of course, in the event of a storm occurring during the day, it would be possible for the flight to fly away from the area over which the storm is scheduled to pass.

Miscellaneous supplies will be found at Shanghai for the use of the flight, but no major supplies such as engines and other large parts are now available until the flight reaches Calcutta. There are seven major depots on the complete route of the world flight and eleven minor depots, making a total of eighteen, an average of 1,500 miles apart.

The supplies were more thickly distributed in the North Pacific and the North Atlantic, because those sections are uninhabited and not easily accessible, while in other parts of the globe it will be possible to obtain assistance and repairs more readily.

#### Shoots Three Japanese to Death, Then Ends Own Life

Los Angeles, May 23.—Three Japanese were shot to death and their killer committed suicide near Zela, several miles northeast of here, today after a dispute over land.

Nanichi Nakamura, lessee of the land in dispute, is said by deputy sheriffs to have shot down Mebet Ronhi and the latter's wife, after which he returned home, shot his own wife and then committed suicide.

## U. S. Grand Jury Indicts 49 Connected With Sale Of Bailey Brothers Stock

### Federal Grand Jury Indicts Officers and Many Salesmen— J. H. Gwyn, of Mount Airy, One of Defendants.

Greensboro News, June 7.

The names of the 49 persons who are made defendants in the true bill of indictment presented here Tuesday, June 3, by a federal grand jury in connection with the sale of more than \$1,000,000 in stock of Bailey Brothers, Inc., of Winston-Salem, large tobacco manufacturing concern recently dissolved by court order, were ascertained last night.

The bill of indictment, containing 16 separate counts, is a voluminous document of 40 closely typewritten pages. Among numerous charges preferred it is contended the officers of Bailey Brothers, Inc., and those who sold stock in the concern during the period from August, 1921, to March, 1923, made fraudulent use of the mails in promoting the sale of stock.

The amount of bail which the government will require of the 49 men indicted here last Tuesday by a federal grand jury in connection with the sale of stock in Bailey Brothers, Inc., defunct tobacco manufacturing concern, was ascertained yesterday.

The total of bonds required is \$285,000.

Bond in the sum of \$10,000 will be required of each of the following persons:

#### Those Indicted.

Fred Bailey, C. B. Bailey, Frank R. Bailey, P. S. Bailey, M. D. Bailey, Jr.; Reginald Bailey, M. D. Bailey, Sr., and Tom G. Taylor.

The following persons will be required to furnish bond in the sum of \$5,000 each:

Webb S. Alexander, Edward Arnold, H. S. Baucum, M. L. Crews, E. A. Ewing, Frank P. Goodwin, Joseph H. Gwyn, Glenn Harris, T. J. Hatchett, Y. Hefin, S. H. Hendrix, A. H. Huggins, E. W. Jordan, C. E. Humphries, Dr. H. G. Larsen, Frederick J. Laster, George Leach, C. B. McBrayer, Glenn M. McCall, E. G. Matthews, Lawrence Matthews, F. G. Middlebrook, C. T. Moser, W. E. Nissen, J. C. Pass, Samuel F. Penry, Jack Quimby, C. W. Rawlings, James M. Richardson, D. H. Shoaf, Edom Smailey, Henry A. Tuttle, J. C. Vining, L. H. Underwood, J. B. Waldrop, E. L. Webster, H. V. Whitlark, B. F. Williams, John G. Wimbush, John M. Woltz, Jule Young.

Recommendations concerning the amount of bail to be required in each case were made to the grand jury by postal inspectors and by the district attorney, Frank A. Linney. The case will probably be called for trial at the next regular term of the United States district court here in December.

Tom C. Taylor, it is alleged, directing the stock selling campaign. The Bailey's mentioned in the indictment, it is claimed, were officers in the defunct concern. The remaining 41 persons, under indictment, it is charged, sold Bailey Brothers stock.

News of the grand jury's action aroused keen interest throughout this and adjoining states where hundreds of persons had purchased Bailey Brothers stock. E. G. Hiatt, of Greensboro, was foreman of the grand jury. The bill of indictment is signed by the district attorney, Frank A. Linney.

Twenty United States witnesses appeared here Tuesday to testify before the grand jury. Those testifying, it was learned last night, were: E. B. Dix, postal inspector; Mrs. Addie L. Mitchell, Stokesdale; P. L. Young, Belews Creek; J. C. Bushnell, Washington, D. C.; and Dr. L. P. Somers, New Castle. Other witnesses here were: H. W. Trolinger, Burlington; W. S. Blankenship, Taylorsville; Parks M. Reid, Spurgeons; A. S. Tows, Mount Airy; E. P. Newsom, King; J. C. Morgan, Hendersonville; A. J. Blankenship, Statesville; Edward L. Green, Yadkin college; Mrs. E. J. Parrish, Durham; J. O. Brewer, North Wilkesboro; W. E. Goolby, Stokesdale; J. F. Click, Mocksville; B. T. Dunn, Biscoe; G. W. Joyce, Mayodan; R. W. Hodgin, postoffice inspector.

The failure of Bailey Brothers was a colossal crash in the business world. The company in December, 1923,

filed a voluntary petition in bankruptcy here in the United States court. Liabilities were listed at a little more than \$711,000 and assets at approximately \$2,500,000. Judge E. Y. Webb, of Shelby, issued an order declaring the concern bankrupt. M. S. Lyon, of Winston-Salem, and Frank H. Henderson, of Hickory, were appointed receivers. Creditors met and presented claims of more than \$500,000.

Stock in Bailey Brothers, Inc., was sold totaling approximately \$1,250,000 during a selling campaign which was inaugurated about three years ago with the avowed intention of expanding and enlarging the business of Bailey Brothers, Inc. The stock was sold, usually in small blocks, to persons throughout piedmont Carolina and Virginia.

The government charges the officers and directors of Bailey Brothers, assisted by Tom S. Taylor and other salesmen and agents, sold stock to more than 1,000 persons at a time when they knew the company was insolvent and when they knew the stock was worthless.

On August 16, 1921, it is charged, Bailey Brothers, reorganized, increasing its capital stock from \$1,000,000 to \$3,000,000. The increased stock, it is charged, was to be divided: \$1,500,000 common and \$1,500,000 preferred. Then, it is alleged, when the stock sale was inaugurated the stock was represented as a "good, sound and substantial investment" when those making the sales knew Bailey Brothers was "insolvent." While the stock was being sold, the government charges, "Bailey Brothers, Inc., could not have paid 50 per cent of their debts, all of which was known to the defendants."

Both the assets and the earnings of the company, the government charges, were misrepresented. In 1919, it is claimed the lands, buildings, machinery and fixtures of the company were listed at \$138,916.44, while on June 30, 1920, the value placed on the same lands and materials was \$684,399.41.

The earnings of the company were grossly misrepresented, the government charges. At a time, during the stock selling campaign, when Bailey Brothers earning capacity was .008 per cent on its capital stock, it is claimed, a statement was given out by an officer of the company in which it was stated the average earning of the company was 30 per cent per annum on capital stock since the time of organization.

Other charges are:

1. That 7 per cent dividends were paid on stock during the campaign at a time when the company was making no money.

2. That the company made a false claim to the effect that it had on deposit in the Wachovia Bank and Trust company, of Winston-Salem, the sum of \$425,000 to guarantee payment of dividends on stock.

3. That the company represented the cost of the stock selling campaign to be 15 per cent on stock sales, when as a matter of fact, "25 per cent of all stock sold was paid" to agents and salesmen.
4. That a large mass of advertising matter in which untruthful statements and misrepresentations were made was sent out through the mails as a means of promoting sales.

The indictment then sets forth 16 specified instances in which it alleges mail matter containing fraudulent statements was despatched to various persons.

Interviews, it is charged, were given to newspapers published at Winston-Salem with the intent to lure and defraud prospective purchasers of stock. These interviews, the indictment, characterizes as "all false, fraudulent and untrue."

One prospectus sent through the mails, the indictment says, bears this appeal to investors: "One good investment is worth a lifetime of labor." Another letter mailed out to stockholders it is claimed, tells of "Startling sales and repeat orders" coming from new territory in which "Carolina Royal cigarettes" and "Rambina" smoking tobacco had been introduced for the first time. The same letter tells of large sales being made in foreign countries, Canada, Porto Rico, India and elsewhere. The indictment denies the truth of these statements.