

Rosy Promises Brought Buyers For Bailey Stock

Witnesses In Bailey Brothers Case Tell of Inducements of Salesmen

7 PER CENT GUARANTEED AMONG ALLUREMENTS

Purchasers Say They Were Told Company Had Earned 30 Per Cent; One Swapped Reynolds Stock for Bailey Stock; Ladies' Day With Many Women As Witnesses

Greensboro, Jan. 30.—Witnesses in the Bailey Brothers Tobacco Company stock selling case, in which the government charges fraud through the mails, today in federal court here explained what made them take Liberty bonds and trade them for corporation stock. Promises of 7 per cent "guaranteed" was one of the alluring things they testified to. One woman stated that a salesman told her she would get so much money in dividends from \$4,000 worth of stock that she would have to leave the farm in Catawba county in order to get some where to spend it. "You're still on the farm," District Attorney Frank Linney asked. "Yes," was the reply. The defense objected to the question and Mr. Linney said he just wanted to show that she hadn't had to move in order to spend any dividends.

It Looked Good
Wives of farmers, the wife of a bottling plant owner, a prohibition agent and two physicians testified. The thing looked good to them, better than money in the bank or invested in government bonds and in some cases they bought stock more than once. The prohibition agent, S. F. Shelton, of Surry county, paid \$500 for stock and didn't even get a stock certificate due to some mix-up in initials with another Shelton who had given notes.

Talk of thirty per cent earned in the past by the Bailey concern manufacturers of tobacco in Winston-Salem, alleged to have been made by salesmen, who seemed to have worked in pairs aided in getting the doubtful to buy. Many of the purchasers said that at first they were not interested but bought on later visits.

It was the government's day with a stream of witnesses, those who actually bought stock, testifying and the district attorney was careful to get from each the statement that stock certificates and acknowledgements of purchases were sent through the mails.

One Trying to Forget

J. E. Bushnell, of Tyrone, who bought stock in the amount of \$2,000 said he could not remember the names of those who sold to him and said frankly he was trying to forget all about his loss. Another man, a merchant named Roberts, of Weaverville, was so in love with the prospect of big dividends that he went ahead and invested \$3,000 in stock against the advice of the Asheville branch of the Wachovia Bank and Trust Company.

Some were heavy investors, S. A. Mitchell, of Wilkes, bought \$10,000 worth. He was paid \$10 a day by some salesmen to go around with them he said. W. F. Robinson, Abingdon, Va., bought \$7,000 worth. One woman who objected to her investment when the concern got wobbly, said she was told by one of the Baileys that if she could find anywhere that the Bailey concern authorized the rosy promises of salesmen he would pay her \$1,800, the amount of stock she had bought.

Hoped To Be Director

Among others who testified today to purchases of stock were: Mrs. O. L. Whitall, who didn't even know the name of the salesman who sold it; Mrs. R. L. E. McIntosh, Montgomery county; A. H. Connolly, Rutherfordton; J. O. Brower, Wilkes; S. A. Barr and wife, Forsyth; E. N. Vance, Forsyth; J. T. Ingle, Tryon; J. F. Clegg, L. T. Hirefield. One man and his wife were induced to buy some common stock, in addition to preferred, on the statement that they would have voting strength and might be made directors in the company. From their stories the purchasers were in a mind to believe anything that was connected with big profits.

A Heavy Buyer

Mrs. B. E. Herman, of Mount Airy

testified that she bought \$4,000 worth of stock, \$3,000 at one time, \$1,000 at another. She paid for \$3000 of it with government bonds, and said she was told the Bailey stock was good as gold, that the concern had earned 30 per cent; that she got a dividend by mail, and that she was told there was over \$400,000 in a bank at Winston-Salem with which to guarantee dividends on preferred stock. Other witnesses told of being told of this sum in the bank, and it is one allegation in the indictment that the statement was untrue.

Mrs. Herman said she was told that leading business men in Mount Airy bought stock. This was in 1921, and others testified of buying in 1921 and 1922.

Mrs. Minerva Cook, of Stokes county, testified that she had some Reynolds tobacco stock but used it to purchase Bailey stock. She, as did others, told of statements of salesmen as to the concern having made 30 per cent on the business. These witnesses also told of how salesmen said the company wanted to get the stock placed among farmers and the like, scattered over the country, and one man said that the concern would not sell over \$10,000 worth to one person and didn't want to do that, according to salesmen's statements.

Ladies' Day

In a way it was ladies' day in court with women purchasers testifying, another witness being Mrs. B. C. Montgomery, of Iredell county. She and her husband knew nothing of stocks and such, she said, and bought upon recommendation of a Mr. Tarpe, who assured them, she said, that he would guarantee them from loss. The money she put in stock was from her father's estate, her husband having put it in the bank for her.

She, like some others, went to see about the matter when the Bailey concern got shaky, and Mrs. Cook said that one of the Baileys, whom she took for the "head man" of the concern, finally told her that she and others coming in that way bothered them and seemed to be offended, so she got offended and left.

Another woman testifying as to purchases of stock was Mrs. J. A. Lang, of Carthage, who bought \$2,100 worth and said that she understood that the Wachovia Bank and Trust company and the Page Trust Company spoke well of the Bailey concern. Her banker told her it was all right, she said. There was talk from the salesmen of big earnings of the company. Still another woman testifying, was Mrs. N. C. Marion, of Mount Airy, who bought \$3,000 worth and gave a note for \$3,000 more. But her husband became ill and she went to Winston-Salem and got back the note. Her husband died.

Rosy Predictions

Mrs. R. B. Tucker, of Guilford county bought \$1,500 worth of stock; Miss T. B. Anthony, of Catawba county bought \$4,000 worth and her mother bought \$200 worth. Salesmen made several visits to sell the stock to them and she was the one who was told the dividends would be such that she would have to leave the farm in order to get to a place to spend so much money, she testified.

"My father told me that big fish eat up the little fish," she said she told the salesman, but was assured, no, no, that would not be the case with the Bailey concern.

Mrs. L. J. Shemwell, whose husband formerly was in charge of the Forsyth county home, told of purchasing \$2,000 worth, of hearing of the alleged \$425,000 in the bank to guarantee dividends and of 30 per cent earnings.

Physicians were solicited by salesmen, too, Dr. G. D. Patterson, of Fayetteville, and Dr. J. T. Smith, of Westfield, Surry county, purchasing \$1,000 worth and \$2,000 worth. Dr. Smith bought \$1,200 to start with and \$800 at a second time. S. F. Shelton prohibition agent in Surry, was the man who paid \$200 cash and a note for \$300, the latter being paid later, and through some mix-up failed to get his stock certificate.

How Tobacco Swelled

The court and all in attendance

learned how a pound of tobacco in the leaf can become three pounds in the plug, with the two added pounds being foreign material, costing three cents a pound.

It further learned something of the methods by which stock salesmen are licensed from an employe of the state insurance department; how tax statements disagree with real values and how people yearn for a "guaranteed" return of seven per cent on an investment with the taxes paid by the corporation in the preference to plain old six per cent—and about two per cent of that taken by taxation. A frank statement as to that was made by Ex-Sheriff J. H. Johnson, of Wilkes county, who, however, after his close shave with Bailey salesmen decided that "hereafter I'm not going to put my money in any corporation or anything except where I have personal supervision of my money."

And in the potpourri of testimony was the statement that it is generally understood that in revaluation of property in 1920 rural property was more closely assessed at its true value than city property.

Cold Feet Saved \$15,100

Ex-Sheriff J. H. Johnson, of Wilkes county, furniture manufacturer and farmer now, told how nearly he came to investing money he was saving for old age in the Bailey concern, how he actually turned over a note to the concern for \$12,500, the note representing money he had loaned to another man, but got it back, as the trade was a conditional one, and he had to be satisfied before trade stuck.

Webb Alexander and Clarence Rawlings, two stock salesmen, approached him in October, 1921, he said, regarding purchase of the stock but he told them that — "was not interested. However, he was given to understand, he said, that the stock would pay a guaranteed dividend of seven per cent annually, semi-annually or quarterly, just as the purchaser might elect and it was tax free. He was getting only six per cent and about two of that went for taxes, he said, and it looked like a good proposition to him. He had three notes that represented money he had loaned, one for \$12,500, the other for \$1,900 and \$1,900, a total of \$15,100, and the salesmen agreed to take these he said, but he wanted to investigate and they asked him to come to Winston-Salem and investigate. He went down and saw Tom G. Taylor, in charge of stock sales and the certificate did not guarantee dividends. Then it was he got cold feet and decided not to take the stock. He was taken, he said by Mr. Taylor to the Bailey plant and there met M. R. Bailey, Jr., who showed him something of the plant and told him how tobacco could be sold in the manufactured state at about the same price it was purchased in leaf, by the addition of matter costing only three cents a pound but making three pounds from one, according to Mr. Johnson. However, after he went home he decided that he did not want to buy the stock he said and his note of \$12,500 was returned at his request.

Salesmen named in today's testimony as having sold to the witnesses were E. A. Ewing, J. C. Pass, J. H. Gwyn, A. H. Huggins, J. G. Wimbish, F. J. Lassiter, C. E. Humphries, L. H. Underwood, Webb Alexander, C. W. Rawlings.

More Than 20,000 In Herrin At Funeral of Glenn Young

Services Held in Three Churches for Slain Raider and Great Throng Follows Body to Final Resting Place

Herrin, Ill., Jan. 29.—The funeral of S. Glenn Young, Klan liquor raider, slain with Deputy Sheriff Ora Thomas and two others in Williamson county's last outbreak Saturday night, was held here today. Tonight his body lies in its final resting place, a little hill in one corner of the Herrin city cemetery.

Close behind the funeral party as it moved to the cemetery came the cavalcade of automobiles that have followed him in his trips about the county night and day for more than a year.

Immediately behind the hearse which was surrounded by robed pallbearers came his wife, his brothers and his children in Young's bullet scarred car.

The crowd of 15,000 to 20,000 attending the funeral was smaller than had been expected, but the city could not have held many more. Only a

Tobacco Co-ops Pay For 1922-'23 Crops

Final Settlements Start Feb 7 In East Belt—Will Close Two More Pools Soon

Raleigh, Jan. 31.—Complete settlement on two crops of tobacco will be made with members of the Tobacco Growers Cooperative Association in Eastern North Carolina next Saturday, February 7. The checks which will be issued to association members from the cooperative warehouses of the Eastern Belt will cover the last indebtedness of the association to its members there, on deliveries both of 1922 and of 1923 tobacco.

The tobacco co-ops of South Carolina and the North Carolina border counties will be the next in line to receive their final payment on the crop of 1923 after next Saturday's settlement, having already received full payment on their 1922 deliveries some months ago. The final settlement by the association with its members in the South Carolina Belt is scheduled to take place on or before March 16, according to the announcement of the tobacco association's board of directors.

The tobacco farmers of the Old Bright Belt of Virginia and North Carolina who are members of the association, will receive their final settlement on deliveries of the 1922 crop on or before March 16, and according to their directors, this settlement will be followed within forty days by payments on all grades of their 1923 tobacco which have been sold and paid for.

The Tobacco Growers Cooperative Association will be the first of the big American cooperative to make full settlements with its members on the 1923 crop of tobacco, as in the case of its members in Eastern Carolina this week and in South Carolina next month. The tri-state organization of tobacco farmers also shows the most successful sales record among the large tobacco marketing associations, having now sold all but 14,000,000 pounds of the 343,000,000 pounds of tobacco received during its first two seasons of operation.

The largest deliveries of the entire season reached the cooperative warehouses during the week ending January 24, when the associated farmers delivered seven and a half million pounds of the weed in Virginia and North Carolina.

Salary and Allowances

(From The Dearborn Independent)

The salary of the keeper of the Tower of London during the reign of Queen Elizabeth was about \$500 a year. He also received all the Government allowances made to offenders of high rank who were too proud to accept it. All cattle that slipped off London Bridge, all carts that fell into the moat, all flotsam and jetsam in the Thames, two flagons of wine from every vessel arriving from Bordeaux, and many other things were included in his fees.

The engagement ring is worn by Germans and Scandinavians on the third finger of the left hand during the engagement, and on the right hand after marriage.

Speeding Dogs Arrive in Nome With Anti-Toxin

ELECTRIC LIGHTS JES WILL GO OUT

Causes for interruption in the Service Are Explained

Electric lights just will go out sometimes and there is nothing that can stop 'em. But the public, which suffers from the inconveniences resulting from such mishaps, is not usually as considerate toward the electric light company as it might be.

Most of the power shutdowns are beyond human control, says the North and South Carolina Public Utility Information Bureau.

The manager of a big power plant has given some attention to this subject and reaches these conclusions:

"For every interruption there is an unavoidable cause. One per cent is caused by human beings. That is—every one makes mistakes, no matter how competent and careful: few of us go along 24 hours a day, 365 days a year without any error of some kind or committing an act of carelessness. Usually any error of a utility operator causes far more trouble to himself than to anyone else."

"The other 99 per cent may be divided into two classes. First, natural causes—lightning, floods, tornadoes, heavy rains, snows and fires. Second, the thoughtlessness of some members of the general public. Towers and poles may be blown down, sleet may break wires, trees tear down the lines, fires and floods destroy substations. These are all natural causes.

"Lines and equipment deteriorate and must be repaired, which causes short interruptions to service. Hunters shoot insulators and break them; boys throw stones and break insulators; a kite gets tangled up in the transmission lines, and when a rain comes this will sometimes put the lines out of service until removed."

"The next time the current ceases, do not immediately censure the power company, but remember that somewhere in the 'back stage' men are working in storm and darkness and under conditions of no little danger in order that you may sit at ease in your home, enjoying all the comforts and luxuries of electric service. And, remember, when the current ceases, the power company's revenue stops, but the overhead goes on and on."

Explosion Blows Two Men to Pieces

Martinsville, Va., Jan. 28.—Explosion of a 50 gallon gasoline tank here this morning meant a tragic end to Wm. B. Stultz and Daniel Hairston, both negroes. The two men were blown to pieces by the force of the terrific blast, which shook that section of the town.

Stultz, who owns the City Pressing club and Hairston his employe, were removing the tank from the old building, preparatory to taking it to a new plant, which had just been completed. The tank was presumed to be about empty. The blizzard had caused a coating of ice on the tank. The two men procured some hot water for the purpose of melting the ice and with this task completed were engaged in washing out the interior of the tank. The tank is thought to have had more gasoline in it than supposed by the negroes. The hot water evidently vaporized the fluid and created an internal pressure which the tank could not withstand. This is the theory advanced generally and no inquiry by officers was held.

At the moment of the explosion which soon drew a large crowd to the scene, the bodies of the two men were hurled high in the air.

Motor Cars Kill 61 in January 43 Here

New York, Feb. 2.—Eighty-one persons were killed by automobiles and motor trucks in New York state in January, according to a report of the National Highway Protective Society made public yesterday by Col. Edward S. Cornell, President.

Forty-three of these were killed in New York City. Three were occupants of motor cars struck by trains at highway grade crossings.

A valentine formerly meant a young lady betrothed to a man on the first Sunday in Lent. The agreement was annulled if he did not give her a present on the 14th of February.

SERUM IS FROZEN SOLID

Physician Hopes, However, to Curb Epidemic With Supply Until More is Brought

Nome, Alaska, Feb. 2. Three hundred thousand units of diphtheria antitoxin which left Nenana, 650 miles to the east, at 11 o'clock Tuesday night reached here at 5:30 this morning. It was frozen solid.

Dr. Curtis Welch, representative of the United States public health service, the only physician in Nome, said the antitoxin would have to be thawed before he could tell whether it had retained its efficacy.

The final relay of the distance, all of which was covered by dog teams drawing sleds, carrying the 20 pound packages, was run by Gunnar Kasson.

A storm which raged yesterday over Norton Sound, on whose northern line Nome stands, abated in the night, Kasson reports. The time made from Nenana on the Alaska railroad, whither from Anchorage 200 miles south of Nenana, to Nome, was a little under the best actual running time ever made in the Alaska derbies formerly run over a 408 mile course from Nome to Candle City and return.

Eight Miles an Hour

The record for this derby was made by Leonard Seppala, who according to reports received here, drove his famous team on a relay in the last 300 miles in bringing the anti-toxin from Nenana. This record was 78 hours, 44 minutes, 57 seconds, but twenty hours and several minutes of that time had been taken out for rest. For the actual running time this was slightly more than eight miles an hour.

Not allowing for difference in longitude the elapsed time from Nenana to Nome was 126 1-6 hours. Adding an hour for the difference in longitude gives 127 1-2 hours. For the 650 miles, estimated that the antitoxin traveled from Nenana to Nome, this would be more than five miles an hour.

The best run of the 650 miles was credited to Shannon who made the first 60 miles from Nenana to Tolovana in 14 hours with the mercury 60 degrees below zero. Jim Kalland and his dogs carried it the next 65 miles to Hot Springs.

No Time Lost

There was practically no time lost between relays, the United States government, with the telegraph system operated in Alaska by the signal corps, having broadcast a call for men and dogs to come to the trail. This call went out instantly when Nome flashed word of its plight to the world one week ago. The antitoxin left Anchorage a few hours after the call reached there, representing all of the diphtheria serum in the place.

Dr. Welch went ahead fighting the epidemic with anti-toxin so old that it was believed to have no power. But today he was able to report the epidemic under control and to predict that with 1,100,000 units that left Seattle Saturday, and which is expected here in perhaps 10 days, he would be able to stay the disease in Nome.

Mushers participating in the run from Nenana to Nome were Tom Green, John Folger and Titus Nicolai. Green with a team of wolves from the Kuskovin valley in southwest Alaska, took the life saving package when Kalland pulled into Tolovana after slowing up to keep from scorching the hot lungs of his dogs Wednesday night.

The anti-toxin arrived at Ruby, about half way down the Kukon river from Nenana to Kaltag, Thursday night.

From Nenana to Kaltag the sleds traveled over the ice of the Yukon river and from Kaltag they cut across overland and on the ice of Norton sound for the last 300 miles into Nome. The serum left Kaltag Friday afternoon and ran into a blizzard.

The blizzard yesterday stopped operation of a telephone line on the route taken by the anti-toxin which links Safety, 21 miles from Nome, with Solomon, 52 miles from Nome. Before communication failed word had been forwarded, at the instance of Dr. Welch, that the dog teams should not proceed until the storm was abated, but that the serum should be taken into a road house and kept warm.