

The conflict between the House and the Senate on the \$5,300,000,000 revenue revision bill was settled as all such disagreements have to be settled in legislative bodies—by compromise.

The Undistributed Profits Tax is retained in modified form, thus upholding the House, and the present system of taxing long-term capital gains as ordinary income is abolished in favor of the principle advocated by the Senate.

Both Houses Win—Lose

The bill as agreed upon provides that corporations earning more than \$25,000 pay a tax of sixteen and one-half per cent. on their undistributed profits. The House bill provided for sixteen per cent. plus four per cent. The Senate bill had a flat rate of eighteen per cent.

The new bill divides capital gains into short-term, (those involving assets held less than eighteen months) to be taxed as ordinary income, and long-term gains, to be taxed at twenty per cent. if the assets are held less than two years and fifteen per cent. if they are held longer than two years. The House bill contained the present system of taxing a percentage of gains on a graduated basis according to the length of time the assets were held. The Senate bill provided for a flat rate of fifteen per cent. on gains on assets held more than eighteen months.

New Rates For Two Years

The new law will stand only for the calendar years 1938 and 1939. Corporations earning less than \$25,000 will be entirely exempt from the principle of the undistributed profits tax. They will pay twelve and one-half per cent. on the first \$5,000 of profits, fourteen per cent. on the next \$15,000, and sixteen per cent. on the next \$5,000.

There are also two "cushions" for corporations having debt or impaired capital. Corporations with a loss in one year can carry it over to offset profits shown in the next year in calculating the undistributed profits tax. In addition, earnings used for the retirement of debts, created prior to January 1st, 1938, will be exempt from the undistributed profits tax.

While the agreement continues the principle of the undistributed profits tax, it is far removed from the provisions of the present law. Formerly, the income of a corporation paid a normal tax, graduated from eight to fifteen per cent., plus a super-tax ranging from seven to twenty-five per cent. on undistributed earnings.

A Lively Political Issue

Undoubtedly the undistributed profits tax will be an issue in future political campaigns. President Roosevelt has been outspoken in favor of the principle of the tax. He contends that without it there will be a disparity between the taxation of individual proprietors and partnerships on the one hand and of corporations on the other.

The argument advanced by the President for the undistributed profits tax is as follows: Individual proprietor and partners are taxable at the usual normal tax and surtax rates upon the entire income profits of their businesses, whether taken out of the business or left in it. Corporations, however, being legal entities, can withhold the distribution of profits and thus the shareholders who really own the business are not required to pay any personal income tax on their part of the withheld profit.

How Taxes Work
By illustration: If three men operated a business as partners and it made \$75,000 profit, each of the three partners would have to report \$25,000 income and pay personal taxes on that amount. If the same three men owned all of the stock in a corporation which made \$75,000 in a year, they could pay \$30,000 out in dividends, making each individual liable to personal income tax on the \$10,000 dividend. If the corporation retained \$45,000 of their profits, without distributing it as dividends, the individual owners would not have to report the extra \$15,000 as income and thus would escape the personal income tax.

Therefore, says the President, where corporations do not distribute earnings, the Federal Treasury does not collect additional taxes on the personal income of the stockholders. In the case of individuals with large incomes, the loss might be considerable.

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GLENN MAXWELL TO DIE FRI., JUNE 17

The Sparta H. S. honor roll for the 7th month

—is as follows, beginning with the First grade and continuing through the Eleventh grade, or fourth year of high school:

First Grade—Raymond Crouse, Frank Davis, Paul Edwards, Edward Rizoti, Rudy Roe, Jimmy Williams, Virginia Van Crouse, Evelyn Dowdle, Mary Lou Miles, Clarice Mitchell, Jewell Reeves, Virginia Lee Gillespie, Zollie Larrue, Renie Larrue, Janet Poe and Jessie Holcomb.

Second Grade—James Jordan, George Bryan Collins, Malcom Gambill, Andrew McKnight, Howard Naylor, Charles Reeves, Bobby Black, Duane Kilby, Zelma Choate, Elsie Edwards, Ethel Edwards, Bonnie Sue McMillan, Reva Mae Rector, Jane Bledsoe and Virginia Poole.

Third Grade—Evelyn Mitchell, Jean Collins, Reba Edwards, Doris Collins, Mary Alice Landreth, Dorothy Sue McGrady, Marth Norman, Upton Andrews, Naomi Douglas, Ruby Caudill, Billy Reeves, Jimmy Davis, D. C. Bledsoe, George Roe, J. M. Bennett and James Douglas.

Fourth Grade—Harold Irwin, Libby Nichols, Rosamond Doughton, Winnie Goodman, Maybeline Richardson, James Poole, Billy Sexton, Wade Irwin, Georgia Goodman, George R. Crouse, Dodge Sexton, Ellen Hardin, Mattie Lee Sanders and Charles Dillard.

Fifth Grade—Patsy Roy Burgess, Eva Edwards, Irene Hendrix, Lorene Henrich, Lucille Mitchell, Vena Smith, Lorene Osborne, Nada Landreth, Mack Caudill, Ceberth Jarvis, Johnnie McMillan and Thomas Zack Osborne.

Sixth Grade—Glenna Duncan, Laura Lee Smith, Jessie Jean Sexton, Dorothy Truitt, Maren Moxley, Charles Doughton, Billy Carroll Choate, M. A. Goodman, James D. McKnight, Anna Rose Reeves, Gloria Rizoti and Donna Lou Rutherford.

Seventh Grade—Edna Jones, Dorothy Shepherd, Ted Reed, Aldean Shaw, Joe Shepherd, Virginia Gentry, Blanche Hendrix, Katherine McMillan, Ethel Poole, Iris Poole, Doris Richardson, Pika Rizoti and Lois Smith.

Eighth Grade—Wanda Choate, Edith Edwards, Mattie Lee Rector, Freddie Sue Sexton, Margaret Sexton, Doris Wagoner, Mildred Wagoner and R. C. Mitchell.

Ninth Grade—Emoryetta Reeves, Jessie Lois Jones, Treva Jarvis and Bernice Andrews.

Tenth Grade—Ella Edwards, Pauline Sexton, Virginia Joines, Alma York, Claude Andrews, Imogene Franklin, Edna Edwards, Pauline Edwards and Edith Rizoti.

Teachers for School Dist. No. 2 were selected

—at a meeting of the committee for the district held recently. The teachers selected, for the 1938-39

term of school, are as follows: Piney Creek high school—L. K. Halsey, principal, J. G. Robertson, W. R. Francis, Mrs. Elizabeth Francis, L. K. Boyer, M. F. Parsons, Gladys Robbins, Jean McMillan, Blanche Gambill and Mrs. Ruth W. Halsey.

Rocky Ridge—Mrs. Carrie Maines.

New River—Mrs. Maggie Johnson.

Rock Creek—Garnett Edwards.

Turkey Knob—Kathleen Anderson.

The B. T. U. OF SPARTA BAPTIST CHURCH WILL GIVE—a program at Liberty church on Sunday night, May 8, at seven o'clock.

The public is invited to attend.

SUNDAY IS MOTHER'S DAY



Universally accepted as the symbol of idealic motherhood is this Portrait of His Mother, painted by James McNeill Whistler, first shown at the Royal Academy in 1872 and now hanging in the Loavre.

Dr. W. W. Peele, Greensboro, was made a bishop

—Tuesday at the quadrennial general conference of the Methodist Episcopal Church, South, in Birmingham, Ala.

In all, seven new bishops were elected and were ordained Wednesday night. The six others are Dr. Ivan Lee Holt, St. Louis, Mo.; Dr. Clare Purcell, Gadsden, Ala. Dr. Charles C. Sealeman, president of Southern Methodist university, Dallas, Tex.; Dr. J. Lloyd Decell, Jackson, Miss., and Dr. W. T. Watkins, of Emory university, Atlanta, Ga.

Retirement of five bishops from the college of ten necessitated the unusual enlargement of the episcopacy.

At present, Dr. Peele is presiding elder of the Greensboro district.

The four bishops at retirement age of 72 are Senior Bishops John M. Moore, James Cannon, Jr., Washington, D. C.; Hiram A. Boaz, Fort Worth, and Sam R. Hay, Houston, Tex.

Bishop W. N. Ainsworth, Macon, Ga., asked and received permission to retire because of illness. All retirements are effective with adjournment of the present conference.

In addition to the new members, the college of bishops includes U. V. W. Darlington, Huntington, W. Va.; Arthur J. Moore, San Antonio, Tex.; A. Frank Smith, Houston, Tex.; Hoyt M. Dobb, Shreveport, La., and Paul B. Kern, Greensboro.

Dr. William Walter Peele has devoted 35 of his 56 years to ministerial and educational work.

He has been presiding elder of the Greensboro district since 1936, prior to which he was pastor of the First Methodist church, Charlotte, one of the two strongest churches of the denomination in North Carolina, for nine years.

Dr. Peele was born at Gibson, N. C., in November, 1881, a son of Andrew and Nora Jane Gibson Peele, natives of Marlboro county, S. C. He was educated at Gibson public schools and Trinity college, now Duke university. He was graduated in 1903 with a bachelor of arts. Duke conferred upon him the doctor of divinity degree in 1928.

He taught mathematics in Rutherford college for three years after his graduation. He became president of that institution in 1906, an office he held three years.

Dr. Peele was ordained to the Methodist ministry in 1906 and was supply pastor of the St. Johns-Gibson charge in 1909. He was pastor of the Aberdeen-Biscoe circuit in 1910-1911 and in the latter year became headmas-

G. Glenn Nichols has been named county chairman

—for the National Air Mail Week program in Alleghany county, according to an announcement made Saturday

by J. H. McKenzie, state chairman.

A coordination committee for this district is as follows: Mitchell R. Ingram, Taylorsville; G. Glenn Nichols, Sparta; B. D. Barr, West Jefferson; B. E. Harris, Concord; Hunt Gwyn, Lenoir; J. M. Kenette, Mooresville; W. L. Rose, Salisbury; W. H. Snuggs, Albemarle, and W. B. Hartzog, Boone.

There will be a county chairman in each of the 100 counties of the state; all of whom were announced Saturday. The duties of the county chairman will be to coordinate the work of the program in cooperation with the postmasters of their respective counties. As previously announced, Postmaster John L. Milholland, has been named District Chairman for the Ninth District, and will work with the county chairman of his District in organizing and carrying forward the National Air Mail Week program.

Chairman McKenzie stated that the response and cooperation from the Postmasters, Postal employees, and the public spirited citizens was most gratifying and that he feels that the results of this cooperative effort will be such that will bring about lasting benefits and an increase by the public generally in the use of air mail service. It was pointed out that the response has been from the smallest communities to the largest cities in the state and it is apparent that the postmasters and citizens of the small communities realize that the use of air mail service is of equal benefit in the smaller communities as it is in the larger.

The minstrel at Sparta H. S. was a big success

—and much merriment was occasioned by the presentation for those who were present. The minstrel, which

was held on Saturday night, April 30, was given by faculty members and students of Sparta high school. All the amusement and entertainment that a minstrel suggests was rendered by this group.

The winners in the cake-walk event, directed by F. H. Jackson, Agriculture teacher in the school, were Burton McCann and Arnold

Closing exercises will be held at Laurel Springs

—school on Monday night, May 9, beginning at 7:30 o'clock.

The program will consist of the presentation of the "Tom Thumb Wedding" and Seventh grade graduating exercises.

An address will be delivered by Rev. Howard J. Ford, pastor of the Sparta Baptist church.

Emmett F. Cox died at his home in Galax

—Saturday night, about nine o'clock, after having been in ill health for several months. He was 69 years

of age at the time of his death. Mr. Cox is survived by the widow, who was, before her marriage, Miss Lillie Busic, and four children, as follows: Mrs. Dean Osborne, Harrisonburg, Va.; Miss Ada Cox and Sam Cox, Detroit, Mich., and Miss Hazel Cox, who is a member of the high school faculty at Gauley Bridge, W. Va. Three brothers and one sister also survive, as follows: S. C. Cox, Roanoke, Va.; Cabel Cox, of the state of Washington; Talmadge Cox, Peach Bottom, and Mrs. Charles Doughton, Sparta. He was a son of the late Samuel C. Cox and wife, Mrs. Phoebe Osborne Cox, of the Peach Bottom section of Grayson county.

The deceased man was a very prominent citizen of Galax and was well known in this section, having been active in business, political and religious circles for many years.

Three brothers of Mr. Cox, Robert Lee and Jeff D. Cox, Peach Bottom, and Guy Cox, Chilhowie, Va., had all passed away in slightly more than two years' time, and now the number has been increased to four, with only four members of the family being left.

Funeral services were conducted Monday afternoon, at two o'clock, in the Galax Methodist church, in charge of the pastor, Rev. W. M. Bunts.

Interment was in the Cox cemetery, Peach Bottom, where Masonic rites were conducted.

A 3-act comedy will be given by the Seniors

—of Sparta high school on Saturday night, May 7. The name of the play to be presented is "Presenting Polly."

It is said the play, all in all, is a very riotous comedy.

The part of Amos Burton, a mild, youthful professor of Archaeology, is played by James Church. His protector, Polly Rogers, a pretty, young resourceful miss, is portrayed by Miss Imogene Franklin. Mr. Burton's aunt, played by Miss Mildred Gentry, is a very splendid role, it is said, showing just how an old maid can "bark" in comparison with her "bite."

The mischief-maker is a young, vivacious news reporter, the role of whom is played by Harrell Joines.

Sue Lowell, in the person of Miss Imogene Hoppers, is a squeaky, seventeen-year old miss. Miss Lucille Pugh plays the part of Nora Maguire, the one who reared Amos. Her husband, William Maguire, is portrayed by Claude Andrews.

Vivian Elmwood, a likeable young lady who gets into much mischief, is characterized by Miss Alma York. Her helper in all of her mischief, Robert Lake, is Robert Myers.

Ferel Carpenter and John Walker Inskeep play the parts of the maid and the butler, respectively.

A nominal charge will be made for admission to witness the play.

Glenn Maxwell Was Given The Death Sentence For Killing Charles Shepherd

after having been found guilty of first degree murder by a jury in Alleghany

—county superior court here. The sentence was pronounced by Judge F. Donald Phillips, after the jury had returned a verdict about 9:30 a. m.

The jury had been given the case at six o'clock Tuesday afternoon, after Judge Phillips had completed his charge. The judge, at 6:45 o'clock, told the jury to continue its

deliberations for the night and he would take a verdict, if one had been reached, when court opened yesterday morning. However, the verdict was not reached until Wednesday morning's session.

Maxwell's conviction marked the first time a jury has ever returned a death verdict in the history of Alleghany county.

Judge Phillips set Friday, June 17, as the date for Maxwell's execution in the lethal gas chamber in Raleigh.

The jury was made up of a panel summoned from Surry county for the Maxwell trial.

Maxwell, in testifying in his own behalf Tuesday, said that he killed Shepherd "during the heat of passion," and did not remember firing the fatal shots.

The largest assemblage ever to gather in Sparta on a similar occasion attended the trial Tuesday. The throng in the balcony in the court house was so large that the rafters cracked. The balcony was condemned by officials after the near disaster.

W. B. Austin, Jefferson attorney, was appointed by Judge Phillips to defend Maxwell. Attorneys R. A. Doughton, R. F. Crouse and Robert M. Gambill, all of Sparta, assisted Solicitor J. Earle McMichael, of Winston-Salem, in the prosecution.

Mrs. Sallie Shepherd, the first witness for the state, testified that she, her son, Charles (the slain man) and his son, Charles, Jr., were in the garden at her home on the afternoon of Thursday, April 14, when the killing occurred.

Maxwell approached, Mrs. Maxwell testified, carrying a 12-gauge single-barrel shotgun, with an automatic ejector, passed her without speaking, and without crossing the garden fence, asked Shepherd what made him hit his son, Tom, with an axe. Upon Shepherd's denying the act, Maxwell said that he (Shepherd) had done so, and that he was going to kill him. According to the testimony, he fired at Shepherd, the first load striking the hoe handle he held in his hand, and the hands and arms. With Shepherd backing away from him, Maxwell fired again. This time, it was said, Shepherd slumped to the ground, and Maxwell fired a third shot. After the first shot, Mrs. Shepherd testified that she ran forward to intervene. She said Maxwell then threatened to kill her and the whole family.

Dr. Long, Laurel Springs physician, who examined Shepherd as he was being taken to a Wilkesboro hospital, said he was dead when they reached Laurel Springs. He testified that Shepherd was shot practically all over the body, but that the fatal part of the load was in the right side of the back, near the kidney and liver. The pattern of the shot showed that the slain man was shot at close range, and with large shot.

Joe Cox, another star witness, said Maxwell passed him where he (Cox) was at work near his home, shortly after the shooting occurred, gave him his knife and pocketbook, asked him to give them to his (Maxwell's) wife and said that he would be "a long time gone."

The state contended that the murder was premeditated and that Maxwell was working himself up to a state of mind to commit murder by reason of the facts that he was carrying a gun, that he quit work at four o'clock in the afternoon and put away his team, that he went to Clark Sheets'

(Turn to page eight, please)

State vs. Morgan Evans, violation of prohibition law. Guilty plea of possession and sale of liquor. Fined \$50 and costs and sentenced to work on roads for six months, with prison sentence suspended for two years on condition that the defendant does not violate the prohibition laws of North Carolina.

State vs. Gwynn Moxley and Helton Cockerham, violation of prohibition law. Defendants waived bill and pleaded guilty, and judgment was suspended upon payment by defendants of costs and abiding by instructions of prohibition officers for two years.

State vs. Walter Crouse, violation of prohibition law. Guilty plea to operating "still" and possessing intoxicating liquor, and fined \$50 and costs. Prayer for judgment was suspended for two years.

State vs. Velt Fortner and Everett Fortner, assault. Nol pros with leave.

State vs. Mervin Evans, violation of prohibition law. Guilty plea of possession and sale of liquor. Fined \$50 and costs and sentenced to work on roads for six months, with prison sentence suspended for two years on condition that the defendant does not violate the prohibition laws of North Carolina.

State vs. Walter Crouse, violation of prohibition law. Guilty plea to operating "still" and possessing intoxicating liquor, and fined \$50 and costs. Prayer for judgment was suspended for two years.



Miss Rose Long (above), daughter of the late Senator Huey P. Long, of Louisiana, who will marry Dr. O. W. McFarland, of Nebraska, in Baton Rouge, on Wednesday, June 1. Miss Long is a co-ed at Louisiana State university. Dr. McFarland is the son of a prominent Nebraska physician.

Alleghany county superior court convened Monday

—May 2, with Judge F. Donald Phillips presiding, and Solicitor J. Earle McMichael, Winston-Salem, prosecuting for the state.

A grand jury was empaneled, comprised of S. W. Brown, foreman, Joe Finney, George Sturgill, Sam Handy, Bruce Sturgill, Raymond Shaw, A. J. Woodruff, G. M. Edwards, Houston Tolliver, Stanley Wyatt, S. A. Irwin, Troy Brooks, Schonler Duncan, C. C. Kennedy, Claude Gambill, J. W. Jarvis, J. M. Brooks and N. H. Bell.

Lee Black was sworn in as an officer for the grand jury.

Nineteen true bills were returned in open court by the grand jury.

Cases were handled as follows:

State vs. Lloyd Maines, court judgment ordering the defendant be confined in the common jail and be assigned to work on the roads for 12 months. Guilty plea.

State vs. Velt Fortner and Everett Fortner, assault. Nol pros with leave.

State vs. Morgan Evans, violation of prohibition law. Guilty plea of possession and sale of liquor. Fined \$50 and costs and sentenced to work on roads for six months, with prison sentence suspended for two years on condition that the defendant does not violate the prohibition laws of North Carolina.

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