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THE WEATHER
FAIR TODAY; SATURDAY LOCAL SHOWERS, AFTER NOON OR NIGHT; NO TEMPERATURE CHANGE.

Rutland Daily Herald

ESTABLISHED IN 1794.

LOCAL TEMPERATURES
Yesterday Year Ago
High 88 75
Low 58 55
Weather yesterday: Clear.
(Thursday, August 15).

VOL. 82. NO. 196. RUTLAND, VERMONT, FRIDAY MORNING, AUGUST 16, 1935. PRICE THREE CENTS

FOUR BANKS BRING SUIT AS TEST OF VALIDITY OF TAX

Right of Commissioner to Assess Certain Federal Securities Involved.

LEVIES NOT PAID IN OTHER CASES

Harvey's Authority to Act to Be Threshed Out at September Term.

(Special to The Herald.)

MONTPELIER, Aug. 15.—One more bank was added to a list of three with cases pending in the Washington County court of Chancery against Tax Commissioner E. H. Harvey, as the Chittenden County Trust company of Burlington entered suit today to test the commissioner's authority in assessing a tax on government bonds and securities.

The amount of money involved in the test cases brought also by the Rutland Savings bank, the Burlington Savings bank and the Vermont Savings bank of Brattleboro, has now been raised to $10,272.93, excluding penalties.

One, or possibly all of the cases will be heard at the September term of court here.

Four other banks in the state have not yet paid the tax assessed by Commissioner Harvey, but have taken no action against the tax commissioner. The four banks are:

The Franklin county Savings bank and Trust company, the Home Savings bank, Marble Savings bank (Rutland), the Passumpsic Savings bank.

Savings Banks Involved.

National banks are not involved in the litigation.

In a hearing before the chancellor today, the tax commissioner made no objection to an injunction order restraining him from bringing suit against the Chittenden County bank.

Commissioner Harvey stated today:

"Prior to the formation of the Home Owners' Loan corporation and the Federal Farm Mortgage corporation, no question arose as to the legal definition of either 'securities in the United States' or 'bonds in the United States.'

"With the formation of these corporations the banks invested voluntarily, or were forced to take obligations of these federal corporations. These bonds are not the direct obligation of the United States, but are guaranteed by the treasurer of the United States. It is obvious that these bonds come under the law. The question at issue was presented to me over a year ago, and after considering the matter on June 25, 1934, I issued notices to the state banks that in my opinion, the bonds of the Home Owners' Loan corporation, were not within the provisions of the exemption."

Commissioner Harvey said that the majority of the state banks accepted the ruling and paid their taxes.

The House committee on banking and insurance introduced a bill in the Legislature to exempt the bonds held by banks of the obligations of federal agencies, United States bonds and United States securities were defined in the bill to include obligations, the principal and interest of which are guaranteed by the United States government, as well

(Continued on Page Two.)

The Weather

AUGUST 16
(Latitude of Boston)

Sun Rises	5:27
Sun Sets	7:10
Moon Rises	Aug. 16, 9:13
Low Water	Aug. 16, 3:13
Morning Star	Venus, Mercury
Evening Star	Jupiter, Mercury
	Venus, Mars

WASHINGTON, Aug. 15 (AP)—High pressure prevails from Lake Huron southward, and from the Atlantic coast westward, attended by fair weather. Temperatures are over Illinois Colorado and over British Columbia.

FORECAST:

Eastern New York—Partly cloudy, probably local showers and cooler in north portion Friday; not much change in temperature.

New England—New Hampshire—Fair Friday and probably Saturday, not much change in temperature.

Vermont—Partly cloudy, Saturday probably local showers and cooler in north portion Friday; not much change in temperature.

Maine—Fair Friday, Saturday probably showers, not much change in temperature.

Massachusetts, Rhode Island, Connecticut—Fair Friday, Saturday probably showers, not much change in temperature.

TEMPERATURE RECORDS.

BOSTON, Aug. 15. (AP)—Temperatures at 8 a. m. (E. S. T.) and state of weather in various sections:

	E.S.T.	M.	
Albany	74	58	Clear
Atlanta	76	66	Clear
Boston	72	58	Clear
Buffalo	70	56	Clear
Chicago	76	62	Partly cloudy
Cincinnati	78	62	Clear
Cleveland	74	60	Partly cloudy
Denver	82	62	Clear
Detroit	74	58	Clear
Kansas City	82	62	Partly cloudy
Los Angeles	74	62	Clear
Miami	84	76	Clear
New Haven	74	60	Clear
New Orleans	82	70	Partly cloudy
New York	76	64	Clear
Norfolk	80	68	Clear
Pittsburgh	76	58	Clear
St. Louis	80	66	Clear
San Francisco	66	52	Clear
St. Paul	76	56	Clear
Tampa	86	76	Clear
Washington	80	66	Cloudy

Friendly!

Gov. Charles M. Smith, president of the Marble Savings bank, which is listed among the state institutions which have not yet paid a tax on certain government bonds and securities, explained last night that the matter is "purely technical."

"It is a question," the governor said "whether or not bonds guaranteed by the government are under the same tax exemptions as straight United States bonds—in other words direct obligations of the government.

"I have talked the matter over with Commissioner Harvey, who regards these actions as merely "friendly suits" to settle a difficult question.

"The Marble Savings bank will await the results of these suits before paying the tax."

2 FLORISTS HELD FOR NON-TAX PAID LIQUOR

Middlebury Men Are Also Accused of Being Aliens; Brought to Rutland.

BOTH OUT ON BAIL

(Special to The Herald.)

MIDDLEBURY, Aug. 15.—Two florists, Concetta Paolino and Sam Bellino were arrested by investigators of the federal alcohol tax unit today, after a raid on their greenhouse here.

Harold L. Henneberry of Rutland, chief of the Vermont bureau of the alcohol tax unit, who directed the raid, stated tonight that a quantity of non-tax paid liquor had been found hidden in a field in the rear of the greenhouse.

Henneberry also announced that he had learned that both men are aliens and that they had never taken out their first citizenship papers. He said that he probably would refer their case to the immigration department.

The men were taken to Rutland by the investigators, whose names were not made known.

Concetto Paolino and Sam Bellino, Middlebury florists, pleaded not guilty before United States Commissioner Thomas J. McMahon here last night to a charge of possessing non-tax paid liquor at their greenhouse in Middlebury and were released under bail of $2500 each.

Middlebury men furnished the bail.

The men were brought here following a raid by federal investigators under direction of Harold L. Henneberry.

FRENCH WAR VETERANS REACH MIQUELON.

ST. PIERRE, Miquelon, Aug. 15 (AP).—A party of 215 French war veterans arrived here today aboard the French liner Lafayette, en route on a pilgrimage to the battlefields of engagements held by the St. Pierre Veterans' association, they laid a wreath on the soldiers' monument here.

Midget Coins Not In Favor But New Dollar Bills Are

WASHINGTON, Aug. 15 (AP)—With its chairman contending the Supreme court would not uphold the attorney general's contention that state coinage of sub-penny sales tax pieces was illegal, the House coinage committee today killed the midget coin bill.

The committee voted 9 to 1 to table the legislation requested by the administration, for this session at least. Representative White, democrat, Idaho, was the only member voting for the measure of two and one-half cent German Somern, democrat, New York voted with Chairman Ramspeck against the administration proposal.

At about the same time, however, the treasury announced a minor change in one of its products, to-wit: a new and more reciprocal dollar bill. Instead of the militaristic "One Dollar" on the back, the new certificate will bear the Great Seal of the United States.

HOPSON CONFESSES UTILITY PRESSURE ON NEWSPAPERS

Is Grilled by Senate After Sudden Release by House Guards.

SURPRISE HEARING

Bares Effort to Influence New York Times After 'Unfair' Editorial.

WASHINGTON, Aug. 15 (AP).—Stepping unexpectedly onto the Senate lobby committee's witness stand, Howard C. Hopson today described efforts to change the editorial policies of newspapers favoring the public utility bill.

The millionaire dictator of the Associated Gas and Electric system whose rotund person has been the subject of a suddenly-stilled Senate House dispute, and who has been feted for coming by the Senate, strode jovially into the committee room after a quick release by the House.

He had just been released by his guards—"jailers" he called them—and he quickly was the committee called to hear him that only a group of newspapermen formed the immediate audience.

N. Y. Times Contacted.

Under questioning Hopson testified that representatives were sent to the New York Times after an editorial which he considered unfair.

"I told our people that the New York Times and their editorial policies did more harm than our advertising did, good," he said in response to questioning by Chairman Black, (Democrat, Alabama).

"I saw no advantage in advertising in a paper that accepted the money of a business corporation that was trying to protect its interests and then hurl editorial brickbats and then had no knowledge of the situation about which they were writing.

"The long and short of it is that you tried to see about stopping the thing dig good," he said in response to questioning by Chairman Black, (Democrat, Alabama).

"I saw no advantage in advertising in a paper that accepted the money of a business corporation that was trying to protect its interests and then hurl editorial brickbats and then had no knowledge of the situation about which they were writing.

"The long and short of it is that you tried to see about stopping the thing dig good," he said in response to questioning by Chairman Black, (Democrat, Alabama).

"I told them to see the people of the New York Times, and try and stop the publication.

Black brought out that Hopson had suggested advertising in the Hearst papers be increased because of the unfriendliness of the Times.

Hopson also made suggestions, he testified after questioning, that efforts be made to have papers "switch over," including those of Scripps-Howard chain.

May Drop Contempt Charge.

Committee members expressed an evident disposition to drop the contempt proceedings against Hopson, once they finally had him on their witness stand—unless other members of the Senate should object.

"I don't think we should do anything to divert attention from the fact about holding companies and the lobby they created on the Wheeler-Rayburn bill," said Black.

Hopson was instructed to return to the Senate committee tomorrow as soon as the House committee finishes questioning of Samuel Insull.

As Hopson's testimony continued, it developed that members of the committee had planned to have Hopson arrested at his hotel after the House released him, but changed their minds by telephone with Chairman O'Connor, (Democrat, New York).

"The Senate would never have stood for the hauling of anyone in," O'Connor said.

Earlier, the understanding has been reached that the Senate committee would not question Hopson at such times as the House committee did not require his attendance.

(For picture see Page 3.)

CURLEY CRITICIZED FOR BLAMING NAZIS

German-American League Hits at Bay State Governor.

NEW YORK, Aug. 15 (AP)—The League of German-American societies made public tonight a letter to Gov. James M. Curley of Massachusetts criticizing him and the House of Representatives of that state for "ruthlessly censoring German news" alleged acts to the conduct of its own affairs.

The letter asserted that Germany has "suppressed 92 per cent of its people—support none of our states because—and has the right to conduct its own affairs in its own way without interference or rebuke by a formed political provincial body that uses its actions on newspaper reports, of only too-well-known sources."

"In addition to that, sir," the letter continued "we call your attention to the fact that we have a state department in Washington with very capable men handling its affairs and that it has charge of all matters pertaining to national and foreign relations and whose business it is to maintain best terms with Germany in the interest of our country, whose best customer Germany is. * * *

"So that you, sir, and the House of Representatives of Massachusetts, can well afford to limit your actions to urgent matters of your own state, such as alleviating suffering and hardships existing among citizens within the borders of your state."

WEALTH-TAX BILL RAMMED THROUGH SENATE, 57 TO 22

Measure to Take $250,000-000 From Huge Incomes and Estates Goes to House.

CONFEREES NAMED

Bill Carries Amendment to Prohibit Issue of Federal Tax-Exempt Bonds.

WASHINGTON, Aug. 15 (AP).—The administration "wealth-tax" bill whipped through the Senate today on a 57 to 22 ballot. The action stirred prospects of adjournment before next week is out.

Only two days of debate preceded the vote to take an estimated $250,000,000 from million-dollar incomes, large corporations, estates and gifts. Efforts by Senator LaFollette (progressive, Wisconsin, to boost taxes on the higher brackets were crushed by three to one majorities.

But the bill returned to the House with an amendment quickly interpreted in administration quarters as threatening a serious handicap to President Roosevelt's financial program.

Adopted, 49 to 39, on the motion of Senator Borah, republican, Idaho, this amendment would prohibit future issues of tax-exempt federal securities. Treasury officials said immediately that, if accepted by the House, the amendment would place the government at a disadvantage, since states and municipalities would continue to enjoy the tax-free privilege on their securities.

Aside from handicapping a heavy borrowing program ahead in finance the $4,000,000,000 works-relief program, officials said the Borah amendment would increase the cost of all money obtained by the government. President Roosevelt had recommended a constitutional amendment to permit taxing all governmental securities, federal, state and local.

Except for the Borah amendment and a silver amendment by Senator Pittman, democrat, Nevada, the bill was the same as that written by the Senate finance committee.

Conferees Named.

(1) Provision for an adequate program of instruction; (2) certain regulations as to hours of work and holiday work; (3) the framing of a clear policy of discipline and punishment and the more effective control of punishment by the superintendent and chief matron; (4) adequate provision for religious instruction.

"It would seem desirable to have a definitely designated chaplain or director of religious instruction responsible for this important phase of school activities.

"5. The addition of at least one and probably two field workers to share the excessive load now carried by the parole officer.

"7. The establishment of a psychiatric clinic or at least provision for the services of a psychiatrist or a competent psychologist.

"11. The establishing of a visiting committee of three.

"12. The desirability of avoiding transfer of young boys to the state prison at Windsor and the attempt to meet the requirements of discipline and the problem of the so-called incorrigible in other ways.

"13. The use of a solitary discipline room for repeating runaways and for other serious cases.

"14. Refund to the school of net earnings turned into the general funds of the state.

"15. A clear policy, generally understood, and the maintenance of morale, would seem to require contact between superintendent and staff, and among members of the staff on fairly frequent occasions. Monthly staff meetings for the men with the superintendent, and for the women with the superintendent and matron, would seem a good form of provision for the meeting of this need.

"16. Adequate provision for routine physical examinations for detection of physical defects requiring corrective treatment.

"17. A study should be made of the problems due to the lack of facilities between the industrial school and the houses of correction for boys between the older juvenile delinquents and the so-called incorrigibles.

Vergennes School Probers Advocate Drastic Changes

Summary Of Recommendations

BOARD URGES CERTAIN INDIVIDUALS BE 'FIRED'

Sweeping Indictment of State's Treatment of Children in Reformatory Returned in Report Made Public by Governor; Persons Facing Dismissal Are Not Revealed.

EDUCATIONAL SYSTEM CRITICIZED

Special Commission Says Longer Periods of Study and Fewer Coercive Measures Are Needed; Psychiatric Clinic Is Proposed; Superintendent's Methods Assailed.

Recommending the separation from the staff of certain individuals and indicting in general Vermont's treatment of dependent and delinquent children, the report of the commission appointed to study charges of abuse of inmates and mismanagement at the Vermont industrial school, Vergennes, was made public here yesterday by Gov. Charles M. Smith.

The report, as given to the press by the governor, does not name the individuals recommended for removal by the commission.

The names of the officials and attaches said to be slated for removal have already been printed in the Herald and are reproduced today in adjoining columns.

The commission, composed of Dr. Edward L. Tobin of Bennington, chairman, Professor A. R. Gifford of the University of Vermont, Burlington and Col. Loren B. Pierce, Woodstock, was appointed after Rev. H. P. Edwards, a former cottage master at the school, had made charges of cruelty and mismanagement against the administration, headed by Howard N. Hanson, superintendent. Hanson resigned after the charges had been made.

Hearings were held at Vergennes on June 11, 12, 13 and 14, during which testimony was introduced to show that certain inmates had been beaten with hose, that boys were forced to carry 25-pound cannon balls, that boys and girls were forced to work 12 hours at a time and that some inmates had been locked in a cellar as punishment.

The commission, in its report to the governor, makes only brief comment on these charges, but does point out flaws in the system of commitments, education, punishment, treatment of problem cases and the school's official personnel.

The commission makes recommendations looking to the betterment of school as a whole and cessation of certain practices said to be in vogue there.

Education, Not Coercion, Needed

All through the 28-page report the commission endeavors to show that education rather than coercive measures should be employed in the attempt to lead Vermont's delinquent children toward better lives.

The report criticizes the system of education at the industrial school, pointing out that four hours a day of school work seem insufficient.

The famed Vergennes industrial school bears the distinction of being the state institution in the commission, the commission recommends that while the hand is important, its activity should be fitted in and adjusted to the school program as a whole instead of having the school program adjusted to and organized around the hand.

One of the major recommendations is the establishment of a psychiatric clinic or at least provision of the services of a psychiatrist or a competent psychologist at the institution.

In referring to the superintendent, the committee says:

"Testimony indicates an inadequate control of disciplinary measures in the past and tardy discovery by the superintendent of cases of excessive severity or improper behavior on the part of certain members of the board."

The commission also found that in some instances punishments were forced to work excessive hours of labor and in the report recommends this practice be stopped.

Following is the complete text of the report of the governor's commission:

"The committee appointed to investigate conditions existing at the Vermont industrial school herewith submits its report and findings.

"The committee, consisting of Dr. Edward A. Tobin, chairman, the committee assembled at the Stevens house in Vergennes on Monday, June 10, at 7 p. m., with all members present and a conference was had with Commissioner of Public Welfare Timothy C. Dale and the proceedings outlined. The hearing was held at the Industrial school on June 11, 12, 13 and 14 and recessed to Rutland, July 22, 1935, for the purpose of reviewing the transcript of testimony taken at Vergennes and hearing certain witnesses.

"The inception for this investigation was the circulation by Harry P. Edwards, a former cottage master, of certain charges against the institution and its management and Mr. Edwards and his attorney, the Honorable Leon D. Latham, Jr., were present during most of the hearing. Attorney General James D. Jeffries was present, representing the state, and the Hon. Aaron H. Grout appeared for Superintendent Howard N. Hanson. Both were given full rights in the examination of the witnesses.

"The report of your committee is sub-divided under the following headings:

"I. Intake. II. Distribution and treatment of problem cases. III. Classification. IV. Education rather than coercive measures. V. Discipline. VI. Personnel. VII. The superintendent. VIII. Program. IX. Field workers. X. Psychiatric clinic. XI. Visiting committee. XII. Incorrigible and other boys. XIII. General considerations.

"A summary of your committee's recommendations appears at the close as Section XIV.

INTAKE.

"The children received by the

BIDS ASKED ON SITE FOR WOODSTOCK P. O.

F. H. Duffy Confirms Report of New Federal Building.

RESIDENTS PLEASED

WASHINGTON, Aug. 15 (AP).—The procurement division of the treasury announced today that bids had been asked on sites for 101 postoffices. The bids for the sites are the first called for under the $60,000,000 appropriation in the second deficiency bill for sites, new buildings and remodeling of buildings.

In each case, each instance will be received at the postoffice indicated. Cities in which bids were asked included the following:

VERMONT—WOODSTOCK, SEPTEMBER 5.

New Hampshire—Wolfsboro, September 5.

Massachusetts—Whitman, Whitinsville, Walpole, Revere, Orange, Natick, Concord, Ipswich, and Chelsea, all September 21. Medford and Clinton, August 28. Maine—Southbrook and Millinocket, September 3.

U. S. WANTS OWN OFFICES.

Stating that the government was following a policy of erecting its own postoffice buildings rather than lease quarters in private property, the bids for the sites for the Woodstock, Vt., postoffice were formally explained why Woodstock had been selected as the site for a new federal building.

It was that Woodstock was to have a new postoffice came as a surprise to residents of that village. Inasmuch as no efforts had been made to secure one.

The democratic national committee, speaking unofficially said:

"As I understand it, Woodstock is now raised to the dignity of a federal building. The governmental policy, endeavoring for some time to get away from renting postoffice quarters, because in many cases, excessive rents have been charged.

(Continued on Page Two.)

"Why Is The Constitution?"

Carl M. Chapin, noted student of national and international affairs, begins today on Page 8 a series of four or five articles on the Constitution. The Herald presents this series with the belief it will clarify in the minds of its readers some of our current constitutional problems.

The Roster!

Several Vergennes Industrial School officials will be removed in the near future as a result of the recommendations of Gov. Charles M. Smith's investigating committee.

While that portion of the report naming certain officers for removal has not been made public, it has otherwise been definitely learned that the following men will be separated from the school:

SUPERINTENDENT HOWARD N. HANSON, who has complete charge of the school. (Says he resigned about June 3.)

BANDMASTER SAMUEL P. POLLARD, who is also a cottage-master.

FARMER GEORGE E. LAWRENCE, who is in charge of work details.

GARDENER CUISSON, against whom sensational charges were made in testimony.

Dr. E. A. Tobin of Bennington, chairman of the investigating committee, was yesterday in defense of Dr. J. H. Parker, assistant superintendent, to quell rumors circulating in Vergennes that he was to be removed. Dr. Tobin denied the committee had recommended Dr. Parker's removal. On the contrary, he said, the committee found Dr. Parker a valuable aid in making its probe. Dr. Tobin declared that the assistant superintendent is "a fine, upstanding man."

MAJ. A. BUCHANAN, 73, DIES IN QUEBEC.

POINTE DU PIC, Que., Aug. 15 (AP).—Maj. Alexander Buchanan, 73, member of one of Canada's leading families and a former well-known Montreal horseman and horse judge, died at his home here today after a lengthy illness.

D. D. LITTLE, TEXTILE MANUFACTURER, DIES.

SPARTANBURG, S. C., Aug. 15 (AP).—D. Dan Little, 57, wealthy textile manufacturer, died today at his home here after an illness of six weeks. He was 57 years old.

TO HAUL WAR BOAT OUT OF CHAMPLAIN

The Philadelphia to Be Moved to Burlington.

BURLINGTON, Aug. 15 (AP).—Construction of a cradle around the Revolutionary sloop of war Philadelphia was begun today as the 156-year old craft can be hauled out of Lake Champlain and brought from Shelburne harbor to Burlington. The 54-foot craft was sunk by British gunfire during the War of Independence and she rested on the lake floor in Valcour bay, N. Y., until she was raised a few days ago. She was towed to Shelburne harbor last night.

News At a Glance

DOMESTIC.

RUTLAND—Bankey weaver admits he set fire to state reformatory house he visited basket weaver.

RUTLAND—56 men to go back to work on state highways after labor insurance arbitrator decides.

RUTLAND—Mrs. Mary Spino renewed vows of love at Indiana and two-day celebration.

RUTLAND—Industrial school commission's report recommends drastic changes.

POULTNEY — Non-commercial returns of Baptist church opens temple to all denominational visitors expected.

RUTLAND—Bankey weaver arrested on burglary after he sets a greenhouse.

MONTPELIER—Complete reorganization of state school district announced.

SARATOGA SPRINGS, N. Y.—Character witness for Bankey Channing in Catskill hardware.

METHUEN, Mass.—Three killed, six hurt in two auto crashes.

NEW YORK—Henry Long says he's "not guilty" of murder of Ruth Snyder, but now don't choose to "discuss" hardware.

WASHINGTON—Rush ordered on site for new postoffice at Woodstock.

WASHINGTON—Senate passes tax bill, sends it to conference committee.

WASHINGTON—Hopson discloses utility pressure on newspapers in support of measure before Senate probers.

FOREIGN.

WEINGARTEN, Germany—Gregor Clemens and Bruno Stoffel, notorious duel dodgers, meet before rifle of contender in U. S.

BERLIN, Germany—Streicher denounces Jews and avows America in public

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